

Arafat wants direct talks with Israel

Jerusalem Post Staff
PLO leader Yasser Arafat has reportedly called for open and direct negotiations between Israel and the PLO.

Israel Television said last night Arafat had sent messages to Prime Minister Shamir and Vice Premier Peres saying he was prepared to negotiate with Israel either through an international conference or in direct talks.

According to the television, which quoted *Hadassah*, the message was given in Geneva to MK Charlie Biton who is due to arrive back here tonight. It is not known whether Arafat renounced the use of terror in these messages.

Informed observers said last night that if the reports of Arafat's offer were true they represented a marked departure from the PLO leader's habit of keeping such offers secret. In the past, the observers said, Arafat made similar overtures through Alignment MK Abd el-Wahab Darwish and others but Peres rejected the offer.

Sources in the Prime Minister's Office last night said they knew nothing of a message from Arafat.

Nonetheless, they said "the whole thing is a public relations play. Arafat is the head of a terrorist organization which aims to destroy Israel. There is no change in our policy not to negotiate with the PLO."

The sources said that Biton had not yet asked for a meeting with Shamir and it was not clear whether Shamir would see Biton, if he did. (See story, page 2)

Central bank calm despite share drop

By PINHAS LANDAU
Post Finance Reporter

Shares and bond prices fell sharply yesterday as the financial system responded to a sudden sharp jump in interest rates on large deposits initiated by Bank Hapoalim.

The Bank of Israel, however, is not perturbed by the confusion and near panic that have seized the markets. Senior central bank officials believe that the factors that caused the interest rate rise are transient, and that they will soon fall back. This assessment is shared by leading commercial bankers.

The upheaval began last week. Its timing was a major factor in the dramatic response it evoked. Normally, the first days of the month are the period when the banks have high liquidity levels—meaning that their coffers are full of short-term funds, as accounts are filled up with (Continued on Page 7)

Summer time saves \$6.2m.

By LISA PERLMAN

Summer time, when it officially ends at midnight on Saturday, will have saved Israel \$6.2 million in energy costs this year, according to the Energy Ministry. This is almost double last year's figure of \$3.2m., when summer time lasted only from May to September; this year clocks were moved forward on April 19.

Energy Minister Moshe Shahal said that the savings would have been even greater had the clock been moved ahead two hours, instead of one, during July and August.

European Community countries switch to summer time for six months from the end of March, Shahal said. In February he proposed that Israel extend summer time well into October, and thereby take advantage of the abundance of heat and light here. Had the proposal been implemented this summer, he said, savings would have totalled \$8.3 m.



Ovadia Matzri displays his chest while his surgeon, Prof. Joe Borman, looks on. (Avi Hayon)

Heart recipient praises donors

By ERNIE MEYER

Ovadia Matzri, the country's third heart-transplant patient, was yesterday allowed to meet the press, two weeks after his operation. "I'm happy. I send my best wishes to the family of the donor, and I'm full of praise for the team of doctors, technicians and nurses who helped me," Matzri said slowly and in a low but firm voice. He sat in a chair flanked by his wife Lea and Prof. Joe Borman, the head of the team that performed the operation.

Matzri said in a separate interview with Israel Television that he now plans to devote all of his time to encouraging donors to leave organs for all kinds of transplants.

Groups of 10 reporters and photographers were allowed into the small private room Matzri occupies in the Internal Medicine 1 Department at Hadassah Hospital Ein Karem. Before entering the room the visitors had to don sterile gowns and face masks and wash their hands. Matzri showed photographers the relatively small bandage

that covers the incision in the middle of his chest.

"I wanted my operation to be performed at Hadassah - blue-and-white - and to set a further precedent," he said. "If I had been operated upon abroad, how would I have felt it, when I opened my eyes, I was spoken to in English or in Czech? Here I can say 'boker tov.'"

Throughout the press conference, which lasted over half an hour, Matzri was cheerful and alert.

Prof. Borman, who is the head of the cardiac and thoracic surgery department at the hospital, stressed that the success of the operation was the result of teamwork involving surgeons, radiologists, heart-and-lung machine operators and nurses. "From the beginning, the new heart worked fine," he said. "If Matzri was a Jerusalemite, we might have agreed to let him go home next week, but since he lives in Beersheba, we'll keep him here another few weeks."

Borman said that Matzri will eventually be able to work normal-

ly. He added that, according to statistics, heart-transplant patients have a survival rate of 85 per cent for the first year, 75 per cent for the second year and 60 per cent for the next five years. Asked what the patient's life expectancy had been before the operation, Borman said: "Only a few months."

Hadassah hopes that it will eventually perform 60-70 heart-transplants a year, starting with 12 next year and building up the number as donors become available. "We want patients to stay in Israel rather than have to go to England or Belgium. But the Health Ministry has to help us," Borman said.

He stressed that the donor whose heart now beats in Matzri's chest also donated both his kidneys. "Three people are alive because of his generosity and that of his family."

Borman stressed that neither he nor the hospital director knows the identity of the donor. "It's an important principle that we keep this secret."

3 more Moscow families get visas

By SARAH HONIG
Jerusalem Post Reporter
and agencies

The Soviets this week continued their recent policy of issuing exit visas to prominent Jewish activists and long-term refuseniks by granting permission to leave to three more Moscow families, the Prestins, the Mays, and the Meneshins. Twelve activist families have been allowed to emigrate to Israel in recent days.

Vladimir Slepak, who has been waiting for permission to emigrate for more than 17 years, told the Associated Press in a telephone interview yesterday that Sergei Meneshin, his wife Alla and daughter Elena were told by authorities Monday that they could emigrate.

Soviet Foreign Ministry spokesman Gennady Gerasimov said yesterday he would make a statement today concerning Moscow's policy on Jewish emigration.

Gerasimov said the statement would also mention refuseniks, including Ida Nudel, and the question of direct flights to Israel. Israel Radio reported last night that news of the coming statement was relayed to Israel's new Centre Party, which had sent a list of questions to Gerasimov on the matter.

The Soviet Union is reviewing the cases of citizens who have been denied permission to emigrate and will settle them according to Soviet law, a Foreign Ministry official said in Moscow yesterday.

(Continued on Page 2, Col. 4)

3 Dehaishe camp boys claim they were beaten for hours in detention

By JOEL GREENBERG

Three Palestinian youths who were held at the IDF's Far'a detention camp in the West Bank charged yesterday that they had been severely beaten for hours at the facility, hanged by their wrists, hooded, and made to stand for days with their arms extended.

The youths, from the Dehaishe refugee camp, were questioned at Far'a about throwing stones at soldiers. They were sentenced to prison terms of three to eight months after signing confessions, and were recently released. Far'a, near Nabulus, is an interrogation centre for Palestinian youths aged 14 and over.

The boys spoke at a Jerusalem press conference organized by Nazareth priest Riah Abu el-Assal

and a group of Americans who have published a collection of 16 accounts by youths from the Dehaishe, Balata and Jalazoun refugee camps of their experiences at Far'a.

The Americans are Kameel Nasr, a journalist and former college English instructor who has lived in the West Bank for the last year and written for the *Al-Fajr* English-language weekly; his wife, Dina Lawrence, who holds an MA in cultural anthropology and has been active in the Washington-based Palestine Human Rights Campaign; and Karen White, a Florida writer and volunteer at el-Assal's church.

Nasr said the accounts revealed a pattern of "pervasive and systematic torture" at Far'a, and "a planned policy of abuse against Palestinian

children" by the IDF.

A military source asserted yesterday: "There is a strict prohibition against violent methods of interrogation. Every complaint received has been checked and investigated, and every future complaint will be immediately examined." The source said there have been cases in which security personnel have been prosecuted for abusing prisoners.

Adnan Shehade, 15, told the press conference that after arriving at Far'a he was made to stand blindfolded for three days with his hands in the air. He said that when he refused to admit to the charges against him, his interrogators hit and kicked him all over.

Riad Farraj, 15, said he was beat-

(Continued on Page 2, Col. 5)

Weinberger offers Rabin military contracts to compensate for the Lavi

By DAVID MAKOVSKY
Jerusalem Post Correspondent

WASHINGTON. — In the first move by the U.S. following the Israeli decision to discontinue the Lavi, Defence Secretary Caspar Weinberger yesterday outlined his country's commitment to extend for two years an "offsetting" sub-contracting military programme that will permit an extra \$150 million per annum to be spent in Israel.

In a lengthy letter to Defence Minister Yitzhak Rabin, Weinberger listed other military programmes currently under Pentagon consideration, informed sources said.

Weinberger had informed Rabin in July that, if Israel cancelled the Lavi, it could use \$400m. of the \$1.6m. U.S. military aid for other military projects, and thus ease employment problems caused by the Lavi termination.

American rules require that military aid be spent in the U.S., but an exception was made for the Merkava in the 1970s and for the Lavi.

The issue of offsetting — which allows Israel to subcontract work in return for procurement in the U.S. — was not mentioned in July when the U.S. promised to cover termination costs and co-production of the F-16.

The Pentagon wanted to cancel the "offsetting" programme for reasons that had nothing to do with Israel, and told Israel that it would no longer be able to use an additional \$150m. of its military aid per year to be kept in the country.

In July, Rabin asked Weinberger to extend the programme in return for the cancellation of the Lavi but the latter reportedly responded that the Pentagon might consider "phasing out" the programme instead of ending it outright.

It was originally reported that funding might be halved. The fact that full funding will be restored for the next two years is considered the first immediate sign that the Reagan administration is grateful for the scrapping of the plane.

There are rumours that other gestures will be made during Finance Minister Moshe Nissim's visit here.

Nissim met with Secretary of State George Shultz at the State Department late last night. The discussion reportedly centred on the progress of Israel's economic recovery, possibilities of rescheduling Israeli debts, and the period of transition following the decision to scrap the Lavi.

Israeli sources said that Nissim was to discuss with Shultz the extent of Israeli economic reforms, including recent steps to lower the highest tax bracket, and planned moves towards privatization. Nissim will point to the delegation from the Wall Street investment banking firm of First Boston, due to visit Israel next week, as evidence of Israel's seriousness about privatization.

The issue of debt rescheduling was said by Israeli sources to be "exploratory" as the cabinet has not yet decided to request U.S. assistance in deferring loan payments. Israel owes the U.S. about \$10b.-13b.

State Department officials yesterday held a working lunch for Treasury Director-General Emmanuel Sharon and the economic attaché here, Pinchas Dror.

Histadrut lacks clout in new reality

It seems that Haim Haberfeld, head of the Histadrut trade union department, is busy fighting yesterday's war. Instead of taking care of thousands of redundant workers, he still thinks that the Histadrut can coerce the government into granting higher nominal wage increments.

But times have changed, and in the post-Lavi era fewer groups with vested interests have the clout to intimidate the national unity government. Now, when thousands of skilled workers are being fired from IAI and Rafael, it is harder for Haberfeld to dictate the direction of the negotiations over the collective wage agreement. This means that Haberfeld's demand that workers at government industrial corporations be included in the new wage agreement could be easily dismissed by government negotiators.

The Histadrut's claim that it is hard for it to continue the negotiations since Finance Minister Nissim is abroad seems a pretty feeble excuse. The trade union federation is very well aware that it is Nissim who is most determined to keep the national books balanced and hence to reject more wage demands. Instead of complaining that the Treasury is too tough, the Histadrut should realize that it is operating in a new economic reality.

The government and Bank of Is-

FINE PRINT
SHLOMO MAOZ

rael aim to stabilize the economy, and to achieve that they are willing to do almost anything such as scrapping the Lavi or raising interest rates to a level that would discourage investments.

Histadrut Secretary-General Yisrael Kessar understands very well what the Treasury wants. He has, after all, met Nissim often enough for extended tete-a-tetes. But he apparently finds it much easier to send Haberfeld into an extended

fight against the government. Thus, he appears to be fighting for the wage rises many workers demand while at the same time keeping open his direct line to Nissim. Kessar knows that if the government agrees to much higher wage rises, any gains achieved in this manner would be wiped out by devaluation sooner or later.

The Treasury knows that some of the lower income salaried workers do not earn enough to take care of their families. It also knows that after the income tax reform, which helped higher income workers, it should now take care of the poorer public sector workers. The Histadrut also knows who deserves a boost now. But the problem is that the stronger unions represent mainly middle and higher income groups in the public sector, and it is these unions that are breathing down the Histadrut's neck. The Histadrut itself, with its troubled Hevrat Haovdim, would have preferred a moderate wage rise in its own companies instead of firing more of its employees. But this shouldn't be said out loud because the job of any union is to demand more money for its members. If one is talking out loud it is far better to demand that Moshe Nissim return home from his important mission in the U.S. to negotiate with Haim Haberfeld.

Talks still deadlocked

By JEFF BLACK

For The Jerusalem Post

The public sector wage negotiations ground to a halt yesterday. No official talks took place although Histadrut trade union department head Haim Haberfeld did meet with the Treasury's chief wage negotiator, Hillel Duda'i.

Duda'i again contacted Finance Minister Moshe Nissim in Washington for instructions and it seems likely that negotiations will resume today.

IAI workers burst in on their leaders

By JOSHUA BRILLIANT

TEL AVIV. — Hundreds of Israel Aircraft Industries employees yesterday disrupted a meeting of the workers' council and forced its members to join a large demonstration outside company headquarters demanding a halt to dismissals.

However, the council seemed to have dropped its recent call that the Lavi project be revived: A six-point resolution it passed failed to mention the matter, though council chairman Nissim Cohen said the workers still hoped that the Lavi would fly.

Yesterday's developments followed reports that management had prepared secret lists naming the estimated 3,000 workers who are to be sacked as a result of the cabinet's decision to scrap the jet-fighter programme. All foreign workers have already been sent home and some 200 Israelis employed by various contractors — not IAI — were told to leave within a few days.

Tension has been particularly high among the workers in the engineering and production divisions who fear the dismissals will mainly affect them.

Apparently, they also feel that the workers' council has not been fighting hard enough. Minutes after the 75-member council opened its deliberations, they broke into the room and shouted that the council was "abandoning" them.

"The group practically broke down the walls," a senior shop committee member said.

Some 2,000 demonstrators crowded the halls and wide staircase to the third-floor conference hall demanding immediate action.

The council adjourned and all IAI workers joined a demonstration outside management headquarters demanding a halt to dismissals.

Some 7,000 workers took part in the demonstration which dispersed without incident, and representatives of various works committees later met the Lavi staff to assure them they were not alone.

A six-point resolution the council

passed threatened action in the event of dismissals but significantly omitted any reference to demands that the cabinet reverse its decision cancelling the project. The omission apparently reflected a growing feeling among members that the Lavi was indeed dead.

Yesterday's resolutions focused on protecting the workers' interests. The resolutions said the council rejects the dismissal of employees and warns management that "dismissals will trigger a reaction among all workers and possibly lead to the shutting down of the entire plant."

More than 20,000 people work for

IAI in several locations from the Golan to the Negev.

The council demanded that management stop preparing lists of workers to be dismissed and instead present the staff with an immediate plan for absorbing all employees and putting the company back in the black.

"Management must see to providing immediate employment solutions for some 5,000 workers," the council maintained. That is the number of people who had been working on the Lavi, but the resolution does not refer to the Lavi workers alone.

Rosenne to intercede in Pollard case indictments

By BENNY MORRIS
Post Diplomatic Correspondent
Israel has dispatched former ambassador to the U.S. Meir Rosenne to Washington to try to prevent the

indictment of three Israeli officials who were involved in the Pollard affair.

The three — Yosef Yagur, the science counsellor at the consulate general in New York; Irit Erb, a secretary in the embassy in Washington; and Rafael Eitan, who headed the Science Liaison Bureau (Lekem), the intelligence unit that ran Jonathan Jay Pollard — were all given provisional immunity from prosecution by the American government in return for their full cooperation and testimony on Pollard.

But American Justice Department officials, who are still investigating aspects of the Pollard affair, believe that the three lied to and withheld facts from the team of American investigators headed by State Department legal adviser Abraham Sofaer who questioned the Israelis in Israel last year. The Americans believe that the three Israelis lied about the role of Aluf Mishne (Colonel) Aviem Sella, the Air Force officer who was Pollard's

first controller, and about the possible roles in the affair of other Israeli officials.

American officials in both the Justice and State Departments are also disgruntled with Israel over its failure to implement its promise to punish those implicated in the affair. They are particularly irritated by the appointment of Sella to the command of the Tel Nof air base (though he later resigned and was not awarded the rank of Tat-Aluf), and the appointment of Eitan as chairman of Israel Chemicals after the dismantling of Lekem.

Sella has already been indicted by an American grand jury and is officially regarded as a "fugitive" in Israel, unable to travel to the U.S. Senior Israeli officials said yesterday that "Israel would like to close the affair completely or, at least, obtain American agreement to the continuation of the immunity." David Makovsky adds from Washington: William Safire, the influential

New York Times columnist, says that U.S. officials suspect that former General Security Services (GSS) chief Avraham Shalom helped intelligence spy-master Rafi Eitan cover up the Pollard affair.

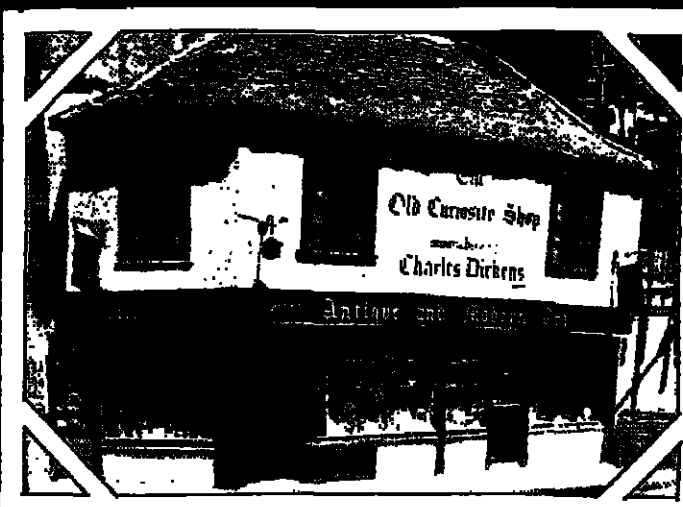
John Russell, a Justice Department spokesman, would not comment on the report.

Safire also said there might be another Pollard, a possibility that was suspected by the Justice Department for a while but has been vigorously denied by Israeli officials.

Safire blamed the national unity government for protecting the officials involved in the Pollard affair. The *New York Times* account said that Shalom and Eitan are old Mossad associates who played leading roles in the capture of Adolf Eichmann in Buenos Aires in 1960. "Eight years later, the same two appeared at a nuclear processing plant in Apollito, Pennsylvania, and following their visit 587 pounds of U.S. weapons grade uranium was reported missing," Safire writes.

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The weather at major Swissair destinations

	9.9.87	MIN.	MAX.	
AMSTERDAM	10	10	16	Cloudy
BRUSSELS	10	10	16	Cloudy
BUDAPESST	10	10	16	Cloudy
CHICAGO	10	10	16	Cloudy
COPENHAGEN	10	10	16	Cloudy
FRANKFURT	10	10	16	Cloudy
GENEVA	10	10	16	Cloudy
MILANO	10	10	16	Cloudy
HONG KONG	10	10	16	Cloudy
LONDON	10	10	16	Cloudy
MADRID	10	10	16	Cloudy
MONTREAL	10	10	16	Cloudy
NEW YORK	10	10	16	Cloudy
PARIS	10	10	16	Cloudy
RIO DE JANEIRO	10	10	16	Cloudy
SAO PAULO	10	10	16	Cloudy
STOCKHOLM	10	10	16	Cloudy
TOKYO	10	10	16	Cloudy
TORONTO	10	10	16	Cloudy
ZURICH	10	10	16	Cloudy

*For the latest weather conditions consult Swissair.

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THE WEATHER

	Yesterday's	Yesterday's	Today's
	Humidity	Min-Max	Max
Jerusalem	46	18-26	26
Golan	49	20-28	28
Nahariya	62	20-29	29
Safed	49	17-27	27
Haifa Port	41	22-34	35
Tiberias	41	22-34	35
Nazareth	45	20-31	31
Afula	49	20-29	29
Shomron	45	22-30	30
Tel Aviv	56	20-29	29
B-G Airport	56	20-29	29
Jericho	40	22-36	36
Galilee	59	23-28	29
Beersheba	42	21-32	32
Eilat	31	26-37	37

SOCIAL & PERSONAL

Prof. Klaus Kummeler, director of the Joseph Stokes Jr. Research Institute of Philadelphia's Children's Hospital, and Prof. Aryeh Dvoretzky, the president of the Weizmann Institute, signed a joint research programme agreement on the Rehovot campus yesterday. Also present at the ceremony were Mr. and Mrs. David Pincus of Philadelphia, institute senior vice president Prof. Shmuel Shalev, institute vice president Prof. Zeev Luz, Hana Bar-On and Gideon Elrom, the dean of biochemistry/biophysics Prof. Mordechai Avron, the head of the institute's neurobiology dept. Prof. Uriel Littauer, Prof. Elias Schwartz, head of the hematology division of Philadelphia's Children's Hospital, David Weinstein, senior vice-president of the American Committee for the Weizmann Institute of Science and Mrs. Weinstein.

ARRIVALS

Bertram H. Gold, Executive Vice President of The American Jewish Committee, for discussions on the committee's activities in Israel.

Rabin watches German army maneuvers

Jerusalem Post Staff and agencies
Defence Minister Rabin yesterday became the first Israeli leader to watch a West German army training exercise.

The maneuvers took place at an officers' school in Munster, a half an hour's drive away from the site of the Bergen-Belsen concentration camp and only 20 kilometres away from the nearest Soviet army position.

Rabin remained tight-lipped in front of reporters. When asked to describe his feelings he would only say: "I represent what is impossible to forget and what needs to be completed. You've seen me yesterday and today. Don't go looking for superfluous statements."

On the third day of a five-day trip, Rabin also met yesterday with West Germany's Chancellor, Helmut Kohl and with Foreign Minister Hans-Dietrich Genscher.

The two discussed the situation in the Middle East and Genscher stressed West Germany's interest in ending the Iran-Iraq war, according to a statement issued afterwards by Bonn's Foreign Ministry.

Later yesterday, Rabin met with Chancellor Helmut Kohl and President Richard von Weizsaecker.

URBAN RENEWAL—Twenty-three mayors from American and European cities will next week attend the Jerusalem conference on reviving urban centres, as guests of Mayor Teddy Kollek.

HOME AND FOREIGN NEWS

Ultra-Orthodox determined to continue protests against Friday night films

Shabbat 'pray-in' planned for capital's streets

By ANDY COURT and HERB KEINON

Wearing their prayer shawls and carrying prayer books, Jerusalem's ultra-Orthodox Jews will conduct *musaf* (additional prayer) services Saturday morning at 30 major intersections throughout the city, following a decision by the chief rabbis of the ultra-Orthodox community (Eda Haredit) yesterday.

The latest twist in the ultra-Orthodox protest against Sabbath film screenings in the capital is based on "the assumption that the Israeli police will not become the first in the world to disperse Jews in the middle of prayer," according to ultra-Orthodox activist Yehuda Meshi-Zahav.

Ultra-Orthodox leaders, while deeply concerned by the use last week of tear-gas, water cannons and clubs to break up demonstrations, are determined to go on protesting despite police actions, Meshi-Zahav said.

The mass gathering planned for Friday night in Mea She'arim's Shabbat Square has been postponed until Tuesday. Organizers plan to request police permission to march

from Shabbat Square to Zion Square or the Beit Agron Cinema on Tuesday, Meshi-Zahav said.

Leaders of the secular Joint Committee For Cultural Freedom met yesterday with President Herzog, who reportedly reiterated his position against opening cinemas on Shabbat in order to protect the "special character" of the city.

The secular activists said they would do everything possible to expand entertainment activities on Shabbat, including changing municipal by-laws that limit the activities which can take place on Shabbat.

Movies will be screened at the regular Friday night locations this weekend, a committee spokesman said.

The National Religious Party's decision to withdraw from the municipal coalition tomorrow if Mayor Teddy Kollek does not halt the Sabbath screenings prompted a Citizens Rights Movement leader to charge yesterday that Israel's chief rabbis have improperly interfered in political affairs.

NRP officials consulted with the chief rabbis, Avraham Shapiro and Mordechai Eliahu, before deciding to issue their ultimatum Tuesday. If the NRP does indeed withdraw, this will be the first time that there are no religious representatives on the municipal council. Shas leaders decided last week that their representatives would pull out of the coalition.

"The moment that the chief rabbis occupy themselves with questions of coalitions and political parties, they are committing an illegal act," MK Dedi Zucker (CRM) said yesterday. "Aside from being chief rabbis, they're also religious court judges, and all the rules that apply to regular judges apply to them as well."

Israeli law forbids judges from becoming involved in political affairs.

But Zalman Kitterman, an aide to the chief rabbis, said that the rabbis had merely advised the NRP about what conditions to ask from the municipality regarding Shabbat.

At their meeting with Kollek last week, the rabbis reportedly called for a "time-out" period in which movies would not be screened until after the High Holydays. But Kollek has

yet to respond to this request, and this is what prompted the NRP's ultimatum, according to NRP leader David Bergman.

If Kollek does not respond favourably to the request by Shabbat, the NRP's two city councillors will pull out of Kollek's "One Jerusalem" faction, Bergman said. But even if that occurred, Kollek would still hold a majority in the council. The opposition, however, would be far more numerous than before, with four Likud, three Shas, three Agudat Yisrael, two NRP and two Poalei Agudat Yisrael members.

President Herzog, touring the Katamon neighbourhood in Jerusalem yesterday, repeated his opposition to Shabbat screenings at commercial cinemas in the capital. "The fact is we have lived in this city for 35 years without commercial movies, and I don't think we have to change that now," he said.

Earlier in the day, in a meeting with secular activists involved in the fight for Shabbat entertainment, he said he was in favour of cultural activities on Shabbat but opposed movies at commercial theatres.

Third in Israel say U.S. Jews need not immigrate

By CHARLES HOFFMAN

Jerusalem Post Reporter
Nearly one-third of Israeli Jews do not condemn American Jews for failing to make aliyah and do not believe that American Jews can live a fuller Jewish life in Israel, according to a survey published yesterday by the Institute on American Jewish-Israeli Relations of the American Jewish Committee.

The survey of Israeli attitudes towards American Jews, Zionism and other issues was conducted in late 1986 by Mina Zemah of the Dahaf Research Institute.

Israelis generally see the American Jewish community in a positive light, although less than half feel some emotional attachment to them. About half perceive the American Jews as generous and having a positive attitude towards Israel, and only 11 per cent think that American Jews tend to denigrate Israel's achievements.

Nearly 70 per cent believe that the survival of a strong and committed Jewish community in America is good for Israel. A fourth of those polled worry that the U.S. might stop being a firm ally of Israel. Most feel that when it comes to the crunch, Israel can depend only on itself in its struggle for survival.

Close to half of those polled believe that American Jews should not publicly criticize the policies of the Israeli government. But a similar percentage believe that even those American Jews who do so should not be banned from speaking in community centres and synagogues.

Close to half disagree with the view that Israelis who move to other countries are doing something wrong. One fifth, mostly young people, even admitted that they had considered leaving Israel during the past few years.

A clear majority was opposed to amending the Law of Return so that non-Orthodox conversions performed abroad would not be recognized in Israel. But only one-third would justify a negative reaction by American Jews if the law were changed.

Sources in Justice Ministry

Prosecution of MKs who met Arafat 'highly improbable'

By MENACHEM SHALEV and Agencies

Attorney-General Yosef Harish is expected to decide within the next few days whether to initiate criminal proceedings against the four MKs who met with Yasser Arafat in Geneva on Monday night.

Despite pressure from the Prime Minister's Office to make every possible effort to prosecute the four, Justice Ministry sources said last night the broad parliamentary immunity bestowed on MKs makes such a move highly improbable.

The law grants immunity to MKs who commit offences "in the course of their duty", and the sources said, the attorney-general would be hard put to decide that the meetings were outside the scope of the MKs' work.

Other members of the delegation will be investigated by the police to determine whether they had any direct contacts with PLO officials. At least one non-MK, David Ish-Shalom, a Jerusalem peace activist, also met with Arafat and could face criminal prosecution.

Members of the delegation are expected to be summoned for a police investigation when they arrive at Ben-Gurion Airport this evening.

MK Charlie Biton (Democratic Front for Peace and Equality) said

in Geneva yesterday that the "secret" message which he is carrying from Arafat to Prime Minister Shamir and Foreign Minister Peres was "radical, new and extreme." He said the three points in Arafat's message were described by the PLO chairman as "a base to begin negotiations for peace—to begin five and open negotiations."

Biton said if the government rejects Arafat's offer he will "tell the whole world that Israel is against peace, and I will reveal his conditions. I will wait until Sunday."

Both the Prime Minister's and the Foreign Minister's Offices continued to reject Arafat's proposals yesterday, terming them "a public relations ploy." Both offices said that they would refuse to accept Arafat's message, although sources in Shamir's office said that the Prime Minister has no objection to a meeting with Biton in which he would "explain" Arafat's true nature.

Foreign Ministry director-general Yossi Beilin said yesterday that "Arafat is continuing his old games of the half-empty or half-full glass, depending on his audience. He is trying to peddle old merchandise."

Beilin said Arafat's reference to "all UN decisions" included some which were "very unsympathetic

to Israel. He also said Israel would not negotiate with a partner who did not renounce terror."

The Associated Press yesterday quoted diplomatic sources in Amman as expressing concern that Arafat was trying to reach a "secret bilateral deal with Israel."

Since March, the Ramle Magistrates' Court has been hearing the criminal case against four leftists who met with PLO officials in Romania in November last year. The fate of the members of the other delegations is widely thought to be dependent on the outcome of the Ramle trial. The Romania meeting was the first in a series of talks between PLO officials and Israeli leftists.

Dr. Mordechai Kremnitzer, who teaches criminal law at the Hebrew University, said last night he is inclined to believe that the MKs' meetings with Arafat would have to be considered as meetings "in the course of their duty," and that therefore the MKs could not be prosecuted.

He said that if the other members of the delegation had had no personal contact with PLO members and had only sat with them in the same convention hall, then apparently they had committed no offence.



Young painters from Nice, France, show off boundary stones they transformed into motionless policemen. Their idea was based, they said, on the limits of police intelligence. (AFP telephoto)

Higher rent subsidies planned for olim

By CHARLES HOFFMAN

Jerusalem Post Reporter
The government is planning to increase rent subsidies for immigrants and to provide benefits for immigrants who take out mortgages during their first few months in the country. Absorption Minister Ya'acov Tsaur said yesterday.

Tsaur, who spoke during a press tour of absorption facilities in Rishon LeZion and Rehovot, said these measures were part of an overall plan to improve and diversify housing opportunities for newcomers.

During the past year, immigrants from Eastern Europe and South Africa have been able to move into flats soon after their arrival, with the cost of rent and utilities fully subsidized by the government and the Jewish Agency for a year. After

that, the subsidy is gradually reduced over the next three years.

This full subsidy has been available only for flats whose rent does not exceed NIS400 a month in Jerusalem and NIS350 in other areas. It can be used for rental flats located by the ministry for the immigrants or for flats that the newcomers find for themselves.

Tsaur said that the government and the Jewish Agency had recently agreed to make this option available for all olim, but had not yet decided when it would be introduced. At present, the rent subsidy available to immigrants not from South Africa or Eastern Europe has been NIS240 a month.

The ministry has also begun to pay the monthly mortgage payments for a period of two years—for immigrants who took out mortgages

during their first few months in the country. Tsaur said that this benefit, designed to encourage newcomers to move into permanent housing, was enacted on an experimental basis and would probably be extended to all immigrants in the near future.

Tsaur said that these benefits were intended to give immigrants greater freedom in choosing where to live and to prevent absorption centres from becoming clogged. Once these measures are extended to all immigrants, he said, they will be able to choose between rental housing or an absorption centre upon their arrival in the country.

He said that the number of immigrants was expected to increase by 40 per cent this year compared to last year, mainly due to increases in immigration from the Soviet Union and from South Africa.

Arafat aide gets three years

LOD (Reuters).—A military court here yesterday sentenced a former bodyguard of PLO leader Yasser Arafat to three years imprisonment, despite evidence that he had protected Israelis in Beirut.

Hassan Ahmed Ali abu-Luz was one of 50 PLO men detained when a gunboat intercepted their ship between Cyprus and Lebanon last February. He was charged with having been Arafat's bodyguard and, together with nine others, with membership in a terrorist organisation. All the accused pleaded guilty.

Uri Avnery, editor of *Ha'Olam Hazevi* weekly magazine, told the

court how he had met Abu-Luz in Beirut five years ago. "He served me tea when I met Arafat, and his men escorted me at a time when there were extremist groups in the city who would have harmed me. They treated me absolutely correctly," Avnery said.

Defence lawyer Walid Fahum told the court the men were on their way to Lebanon to help organise residents of Palestinian refugee camps besieged by the Amal militia. "Most of them had families in the camps and it is doubtful if their desire to break the siege constitutes any breach of Israeli law," he said.

MOSCOW FAMILIES

(Continued from page one)

Among those who have been granted exit visas recently are Yosef Begun and Vladimir Brailovsky, followed by recently released Prisoner of Zion Dr. Vladimir Lifshitz, as well as Semyon Yanovsky, Lev Sud, Valery Lerner, Boris Lanzman, Boris Kun and Yevgeniya Palamkin and their families.

The latest additions are among Moscow's veteran and active refusenik families. Vladimir Prestin, 33, has been trying to reach Israel since 1970. An electronics engineer, he grew up in a Jewish and Zionist-oriented home and was one of the foremost figures in Moscow's Hebrew teaching circles and Jewish culture groups. He, and his wife Elena, also an electronics engineer, and son, Michael, 23, all received Israeli citizenship certificates.

But there is one potential fly in the ointment: the son is a newlywed and his wife is not listed in the visa the family received. But the Prestins hope that both Michael and his bride will be allowed out.

The Prestins' parents were both allowed to leave for Israel some years ago, but the father died while waiting to be reunited with his son. The elderly mother is due to be on hand to greet the family.

Arkadi May, 64, is also an electronics engineer. He has been a refusenik since 1975 and is a Red Army veteran, disabled in battle during World War II. His wife Elena is an English teacher, specializing in British and American literature. Elena's mother died in Israel before she could be reunited with her children. Deputy Foreign Minister Vladimir Petrovsky said at a news conference in Moscow yesterday that bureaucratic impediments to emigration were being removed by the authorities.

Soviet law allows authorities to deny permission to emigrate on the grounds that the person had access to state secrets at work. Many of those who were granted permission to leave Monday and Tuesday had in the past been denied visas on grounds of state security.

Charles Hoffman adds:

Absorption Minister Ya'acov Tsaur said yesterday that most of the Soviet Jewish emigrants this year were long-time refuseniks, and that no new applicants had been allowed to leave. This should be a cause for concern, he said.

Speaking in Rehovot during a tour of absorption facilities, Tsaur said that the increase in Soviet aliyah since early this year did not represent a dramatic change. "But it is a change that came about as a result of public pressure," he said.

From January through August this year, 1,197 Jews left the Soviet Union for Israel, compared with 128 during the same period last year.

Families of IDF missing offer \$1million for letter

Jerusalem Post Staff and Agencies

The families of three IDF soldiers missing in action since the 1982 Lebanon War have published an appeal offering a million dollars for a letter from one of the men.

The three, Zacharya Baumel, Zvi Feldman and Yehuda Katz, were reported missing after a tank battle with the Syrians on June 11, 1982 at Sultan Yacoub in Eastern Lebanon.

"We are convinced the boys are still alive," said Perchia Kfir, sister

of Katz, in an interview with Israel Television.

"Every now and then we get signs. It's hard to call them proof, but these are things that can only be interpreted as a sign of life." Kfir added, without elaborating.

She said the families have decided to offer a million dollars for a letter from one of the soldiers and gave a number of a Jerusalem bank account where she urged people to contribute, saying: "We are asking for the public's help not to let this inhumane situation continue."

One dead, 8 hurt in crash with bus

HAIFA (Itim).—A resident of Moshav Lavon was killed and eight people were injured in a head-on collision between a bus and a van near the Atlit intersection on the Tel Aviv-Haifa highway early yesterday morning.

Police said the bus driver claimed he had been blinded by the sun.

Meanwhile, dozens of residents of Jerusalem's Romema quarter blocked Sarei Yisrael street where a young boy was killed in a car accident earlier this week. They called on the municipality to improve the state of the busy thoroughfare which has been the scene of numerous accidents.

Officer's handling of non-Jewish soldier criticized

Post Defence Reporter
TEL AVIV.—An IDF major who told a non-Jewish soldier he could not participate in an officers' course unless he converted, overstepped his authority, military sources said yesterday.

The incident was reported several days ago, after the soldier's family complained to MK Ran Cohen (Citizens Rights Movement), who raised the matter with Defence Minister Rabin.

The soldier, whose name was not released, was born abroad to an Israeli Jew who married a Danish woman. The mother converted after he was born, so he is not Jewish according to Halacha.

Before entering the officers' course, the soldier was called in for a routine security check and asked whether he would agree to convert. When he refused, the major sent him home for a week to think it over, warning him that it was a condition for acceptance.

Following a complaint from the family, Chief of General Staff Dan Shomron ordered an investigation, and it was determined that the major had contravened orders for security checks.

DEHAISHE

(Continued from page one)

en in a jeep on the way to Far'a and later had his head covered with a sack soaked with urine and excrement. He said that when he refused to confess he was beaten all over until he agreed to sign a confession. Farraj demonstrated a method he said was used by security men to club the soles of his feet, and said he was suspended by a rope around his wrists. He said inmates were made to stand naked outside in cold weather, and given hot and cold showers.

The youths said they had been pressured several times by their interrogators to become informers. They also claimed that the military government had ordered schools to refuse to accept them after their release, but this was denied by both UNRWA, which runs the Dehaishe preparatory school, and the IDF.

Soroka unit to close for lack of nurses

Jerusalem Post Reporter

BEERSHEBA (Itim).—The Soroka Hospital's neurological department is to close down in a few days because of a lack of trained nurses, the hospital's director Dr. Yitzhak Romem announced yesterday.

He said the department's patients would be transferred to the Sheba Hospital, Tel Hashomer.

At a meeting with Health Minister Shoshana Arbeli-Almosino here yesterday, Romem added that two other departments which had been scheduled to open a few months ago, could not because of lack of staff.

Heads of the various kibbutz movements, who were also present at the meeting, promised to encourage nurses at kibbutzim to do a year's work at the Negev hospital.

Arbeli-Almosino said she would meet with nurses who had left the profession in an attempt to persuade them to return.

Soroka unit to close for lack of nurses

Jerusalem Post Reporter

BEERSHEBA (Itim).

Aquino's cabinet quits

MANILA (AP). - President Corason Aquino's cabinet resigned yesterday amid demands for a government reorganization to heal political rifts opened up by last month's bloody attempted coup.

Spokesman Teodoro Benigno said the 25 cabinet members and three members of the presidential commission on good government resigned at an emergency meeting.

"The cabinet felt it was appropriate at this time for everyone to tender their resignation so that the president can have a totally free hand if she feels a need for a revamp," said Finance Secretary Jaime Ongpin.

Benigno, who also resigned, said Aquino was expected to announce whether she would accept the resignations "in the very near future."

Those resigning included Executive Secretary Joke Arroyo, the president's closest adviser and one of the most powerful men in government.

The resignations followed growing calls for a government reorganization after the August 26 coup attempt, the most serious challenge to the 18-month Aquino administration.

"The government has since been widely criticized for lack of leadership," Arroyo's ouster had been demanded by business, military and church groups and members of Congress who have urged the government to toughen its stand against Communist rebels and halt a cycle of right-wing coup attempts.

Officials said Arroyo's testimony Tuesday before the House of Representatives helped precipitate the resignations.

Arroyo attacked business leaders, likened the chief military spokesman to Nazi propagandist Goebbels

and accused Vice-President Salvador Laurel of fomenting dissent in military ranks.

Benigno said Laurel, who is visiting Mindanao Island, submitted his resignation as foreign affairs secretary by telephone. Laurel remains vice-president.

"All the members of the cabinet have tendered their resignation to the president," said Benigno.

"That's all that I have been authorized to say." Several senior members, including Defence Secretary Rafael Iñeto, were clearly surprised by the sudden move. He told reporters that cabinet members were handed sheets of paper and told to write letters of resignation.

The first to announce his resignation was Trade Secretary Jose Concepcion, whose twin brother Raul, a businessman, was sharply attacked by Arroyo on Tuesday for allegedly masterminding a campaign to oust him.

After Jose Concepcion emerged from a meeting with the president and announced his resignation, the palace called the emergency cabinet meeting.

Jose Concepcion said earlier that Arroyo's charges were serious and should be investigated. His brother said they were tantamount to a "declaration of war against the business community."

Sources in the business community, which the government has cultivated as a base of support, said that if Aquino made no public response to Arroyo's charges by the end of the week, they would assume she agreed with them.

Calls for a government shakeup also emerged during meetings held this week by Laurel in military garrisons. Thousands of soldiers cheered calls for the ouster of Arroyo and others for alleged pro-Communist

and anti-military views.

Arroyo first refused comment on the resignations, saying "I have enough problems from" his house testimony, Tuesday. Later, the former human rights lawyer claimed the resignations have "nothing to do with the military."

National Security Adviser Emmanuel Soriano, who also stepped down, said the resignations were prompted by "recent events, including what happened yesterday at the House of Representatives."

Iñeto said it was too early to tell whether the resignations would pacify the military.

"In the military viewpoint, it will depend on whose resignation will be accepted or would not be accepted," he said.

The Armed Forces Command had been lobbying for Arroyo's ouster for more than a year because of alleged left-wing views.

It was the second time the entire cabinet has resigned since Aquino took office. The cabinet resigned last November 23 after the military foiled a coup plot by followers of then-defence minister Juan Ponce Enrile. Enrile's resignation was accepted but most cabinet members were reappointed.

First reaction from congress was favourable. Numerous senators and congressmen had called openly for a major government reshuffle to put order into a chaotic administration.

Rep. Ramon Mitra, speaker of the House of Representatives, said the majority caucus in his chamber urged Aquino to reappoint only those whom she feels are needed to continue running the government.

Rep. Rodolfo Albano, house minority floor leader, called the resignations "a happy development" that would be welcomed by most Filipinos.



Susan Halton, the mother of Britain's first septuplets, is held by her husband Neil at the funeral of the four girls and three boys in Liverpool yesterday. The babies died one by one in a 16-day fight for survival. They were 13 weeks premature and together weighed just over four kilos. Mrs. Halton had taken fertility drugs after trying to conceive for seven years (Reuters)

By ROBERT GREEN
WASHINGTON (Reuters). - Members of Congress returned from summer recess yesterday to resume battles with each other and with President Reagan over the budget, trade, foreign policy, the Supreme Court and a host of other major issues.

When the 535 senators and representatives reconvene after a one-month break, they will have only two weeks to approve an increase in the Federal debt limit and three weeks to pass the entire trillion-dollar Federal budget before the start of the government's financial year on October 1.

Looming over everything is the start of the 1988 presidential and congressional election campaigns in four months, which can only increase the normal tensions between Reagan and the Democrats who control the House and Senate.

One of the toughest fights is expected between liberals and conservatives over Reagan's nomination of Judge Robert Bork to the Supreme Court, replacing Lewis Powell, who resigned.

Liberal groups such as the American Civil Liberties Union and the National Association for the Advancement of the Coloured People, and senators like Massachusetts Democrat Edward Kennedy, have vowed to fight Bork's nomination.

They say he is not a conservative moderate as the White House has portrayed him but instead a radical who could cast deciding votes to reverse key Supreme Court decisions on civil rights, legalized abortion and other key issues.

Reagan seems equally determined to win approval for the 60-year appeals court judge, saying in a recent speech: "I hope we can keep politics out of the confirmation process. Each senator must decide which criteria is right for casting this critical vote: qualifications or politics."

Congress faces battles with Reagan after summer recess

The Senate Judiciary Committee begins hearings on Bork on September 15 and is expected to vote on him by October 1. But there is no agreement on when the full 100-member Senate will act on the nominee and it is virtually certain he could not be confirmed before the next court term begins on October 5.

Before considering Bork, the committee and Senate are expected to approve quickly the nomination of U.S. District Court Judge William Sessions as Federal Bureau of Investigation director. He replaces William Webster, who became director of the Central Intelligence Agency after William Casey's death.

Former business executive C. William Verity is also expected to be easily confirmed as Commerce secretary, succeeding Malcolm Baldrige, who died in a horse-riding accident on July 25.

Reagan's Central American policy is expected to come under attack from Democrats if he requests more U.S. aid for the Contra rebels fighting the Nicaraguan government.

Reagan has promised to wait until September 30 to see if a Central American peace plan will take effect, but there seems to be little doubt he will ask for more money for the Contras.

Televised congressional hearings into the White House's secret arms sales to Iran the diversion of sales profits to the Contras ended last month, but a report from the joint House and Senate investigating

Iranian suspect wanted to give himself up

Jerusalem Post Correspondent
Wahid Gordji, the Iranian wanted by a French magistrate in connection with the wave of terrorist bombings that hit Paris last September, reportedly wanted to surrender last week.

According to yesterday's issue of the French weekly, *Le Canard Enchaîné*, Gordji, who had sought refuge in the Iranian Embassy in Paris, walked up to the security forces there and said: "I want to leave the premises." The guards, who recognized him, ordered him to go back.

First Chinese bishop ordained in Macau

MACAU (AFP). - Father Domingos Lam, a 59-year-old vicar-general of the Macau diocese, was ordained here yesterday as the first Chinese Roman Catholic bishop in the 430-year colonial history of this Portuguese-run territory.

More than 1,000 people attended the ceremony at Macau's cathedral. Lam said at the ceremony: "Macau will be again the bridge of the church into China and a link between the People's Republic of China and the world."

committees is due in October at about the time the Contra aid request will be considered.

The report probably will be critical of Reagan and other past and present administration figures.

There is also growing concern in Congress about U.S. policy in the Gulf, where American warships are protecting Kuwaiti ships flying the Stars and Stripes from Iranian attack. Many legislators fear the operation could drag U.S. forces into the war against Iran.

The White House can also anticipate a fight over new arms sales to Saudi Arabia. The administration is expected to notify Congress soon of plans for a major arms sale to Riyadh which was withdrawn in June in the face of strong opposition.

Many members of Congress sceptical about the willingness of Saudi Arabia to help the U.S. escort operation in the Gulf are likely to take a strong stand against the arms sale.

The major economic fight this fall is expected to be over provisions of a trade bill that would require the U.S. to restrict imports of countries which impose trade barriers against American goods.

A 200-member joint House-Senate committee begins work this month to resolve differences between the separate bills passed by each chamber before the recess. Reagan has threatened to veto the final bill as protectionist unless it is modified.

Congress is supposed to approve the budget in separate bills for each agency but since none of them has been passed, they will have to be combined into one measure, known as a "continuing resolution."

This will force Reagan to either accept this bill with many programmes he does not want or veto it and close down all federal agencies except for essential services such as military activities and air traffic control.

Iraq strikes deep in Iran

DUBAI (Reuters). - Waves of Iraqi warplanes swept over targets deep inside Iran yesterday at the end of a lull in Gulf war fighting, casting a shadow over a new UN peace drive.

A Baghdad military bulletin said the raids, against Iranian industrial and communications sites and an offshore-oil terminal in the north-western Gulf, were in revenge for Iranian missile attacks against Kuwait last week.

The raids came a day after Iraq said it hit two naval targets, its usual term for a tanker or cargo ship, ending a three-day lull in actions by its warplanes.

The bulletin linked the attacks on what it called Kuwait Day to a pledge by President Saddam Hussein to "hit Iran with 1,000 bullets for each bullet it fires on Kuwait."

The brief lull in the seven-year Iran-Iraq conflict had raised hopes in the region for a peace mission by UN chief Javier Perez de Cuellar, who is expected in Teheran tomorrow and will later visit Baghdad.

Iraq has vowed to strike hard at Iran's industrial base and oil lifeline until Teheran accepts a July 20 cease-fire order made by the UN Security Council and which Perez de Cuellar will seek to have implemented.

"There was widespread hope that at least for the duration of the visit, both sides would desist from attacks," a western diplomat here said.

He added that continued Iraqi strikes on shipping during the mission could give Iran a propaganda victory.

Iraq had ended a wave of attacks on Gulf shipping - 15 in eight days - last Saturday and Iran had apparently halted its retaliatory strikes on vessels in the strategic waterway.

In an apparent switch of tactics, Iran last week fired at least three missiles against Kuwait. The emirate said one missile landed near an oil refinery south of Kuwait City, causing slight damage, and two projectiles fell in the sea.

Yesterday's raids into Iran came as the supertanker *Tonbridge* hoisted a British red ensign for the first

time and loaded oil in Kuwait for a trip through the Gulf under British naval protection.

The *Tonbridge* became the sixth Kuwaiti tanker to earn British protection - five other vessels are chartered from the British crown colony of Gibraltar - as the debate continued in Europe over fresh naval forces to join U.S., British, French and Soviet warships plying the Gulf.

Two Dutch minesweepers are preparing to sail, while Belgium will decide next week whether to send minesweepers. The Italian government has called for a vote of confidence in parliament over its decision to send warships to the area.

The U.S. effort has so far cost \$70 million, a senior defence official in Washington said, and the Pentagon plans to ask Congress for more money. Japan, a major importer of Gulf oil, is sending its foreign minister to Iraq this month to

discuss tanker security.

Regional shipping sources said they were surprised by the new Iraqi attacks just before the UN mission, yet they doubted Iran would respond at this stage with new raids on ships using Arab ports.

The sources said, however, that early optimism about Perez de Cuellar's peace effort had now given way to pessimism.

"I don't think he will achieve anything," one source commented.

Baghdad denied a Teheran report that Iranian air defences had shot down an Iraqi warplane about the same time as the reported shipping raid.

(The Iranian news agency Irna, received in London, said yesterday's Iraqi bombing of industrial and residential areas of Dezful and Durud caused damage but no reported casualties).

Iraq's news agency INA quoted yesterday's edition of the Defence Ministry newspaper as saying Baghdad would launch 10 missiles and hundreds of jets for every missile that landed on Kuwait.

Iran is reported to have fired at least three missiles, one of them said by Kuwait to be a Chinese Silk-worm, against the northern Gulf emirate last week.

Danish prime minister resigns

COPENHAGEN, Denmark (AP). - Prime Minister Poul Schluter resigned yesterday after his centre-right minority coalition suffered an unexpected election setback.

The resignation indicated a coalition crisis in which neither the ruling four-party conservative bloc nor the two-party socialist opposition bloc could muster outside support for a working majority in the 179-member Folketing, or parliament.

Schluter, the 58-year-old lawyer who has headed the government for

five years, handed his resignation to Queen Margrethe II at Amalienborg Palace after meeting opposition leaders and his coalition partners.

Aiming to break the deadlock, the queen held a series of brief meetings with each of the nine parties with the objective of naming the leader with the most support as royal investigator with the task of forming a cabinet.

Both Schluter and Social Democratic leader Anker Joergensen claimed they could lead a new gov-

ernment. Joergensen, 65, is a former shipyard worker who has led five previous governments.

Schluter indicated he expected the monarch to name him. He said he hoped a majority would back him "if this heavy burden falls on me to lead a government in a difficult situation."

Schluter's four-party alliance won 70 seats in the voting on Tuesday, a loss of seven. The parties are the Conservative, Liberal, Centre Democrats and Christian People's Party.

Honecker hints at new economic cooperation

BONN (AFP). - East German leader Erich Honecker said yesterday that East Berlin is planning "new forms" of economic cooperation with West Germany and called for improved trade links between the two countries, at a meeting in Cologne with West German industrialists.

Honecker ended the summit stage of his historic visit to West Germany on Tuesday. The president of the chamber of commerce, Otto Wolff von Amerongen, told the East German leader that he favoured an increase in "regular economic contacts" between the two Germanys and called on East Berlin to show "greater flexibility."

Cologne was the first stop of a three-day tour, during which Honecker is to visit the Ruhr, where he joined the anti-fascist struggle in 1933, the Rhineland-Palatinate, Bavaria and his native Saar, where he will visit his sister Gertrud.

Honecker then travelled from Cologne to Dusseldorf, where he was greeted by the minister-president of the region, Johannes Rau. Later, Honecker will go to Wuppertal, near Dusseldorf, where he will visit the house of Friedrich Engels, co-author with Karl Marx of the Communist Manifesto. He is also scheduled to meet captains of industry at the Villa Hugel in Essen, headquarters of the Krupp Berthold group.

Meanwhile, West German newspapers noted yesterday that Honecker's official visit produced modest, though positive results. The popular daily *Express* said that "this first visit by Honecker was worthwhile," while *Bild Zeitung* wrote: "There is no cause for jubilation... But there will be less shooting, travelling will be easier and more young East Germans will be able to come here."

At Neunkirchen, where Honecker was born, the director of the local zoo, Helmut Reichling, announced that the East German leader had given a four-year-old lioness to the zoo.

Car bomb kills two in north Lebanon

TRIPOLI (AP). - Two people were killed and 20 wounded when a car bomb exploded yesterday in a crowded commercial district in Tripoli, in north Lebanon, police reported.

They said a Syrian-registered automobile rigged with five kilos of explosives blew up at a taxi station at 12:20 p.m. in the city square.

The blast shattered windows in a four-storey department store and dozens of other buildings within a 100-metre radius.

Syrian troops sealed the area and stopped reporters and photographers from approaching the scene.

Witnesses said the explosion destroyed three cars parked near the taxi station and set three others on fire.

Ambulances evacuated the casualties to hospitals in Tripoli, as firefighters tackled the burning cars.

Tripoli is a predominantly Sunni Moslem city, 80 kilometres north of Beirut.

No one claimed responsibility for the car bombing.

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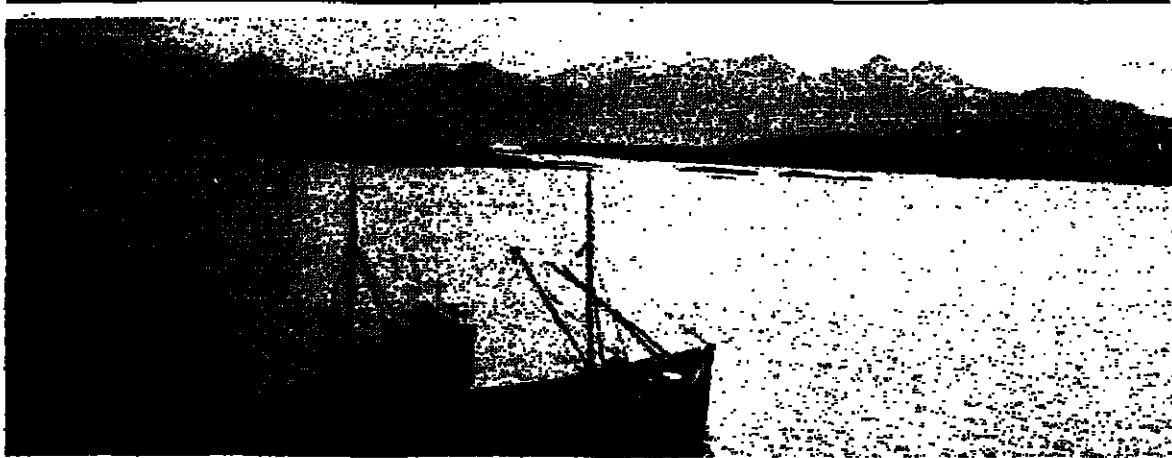
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The most beautiful voyage

David Bernstein experiences another kind of Norway



"To have seen North Norway only in the month of July is like remembering (the Norwegian Antarctic explorer) Roald Amundsen in a dinner jacket."

— Elvind Berggravn, The Land of Excitement

AUTUMN is not the usual time to plan a visit to northern Norway. Days are getting shorter, nights longer and the Land of the Midnight Sun is well on its way to becoming the Land of the Midday Moon. And, the idea of a six-day boat trip deep into the Arctic Circle might appear more than a little foolhardy.

But the trip I took last October on the M/V Finnmarken — one of the little *hurrigruten* (coastal express steamers) that ply the Norwegian coast from Bergen in the south to Kirkenes on the Soviet border — turned out to be a memorable travel experience.

They call it "The World's Most Beautiful Voyage," the 2,500-kilometre journey along the length of Norway's stunning coastline (5,000 kilometres if one chooses, as many do, to take the full 11-day return cruise, Bergen-Kirkenes-Bergen).

For more than 90 years now, two coastal steamers — one, northbound from Bergen, the other, southbound from Kirkenes — call each day, summer and winter, at the 35 towns and villages strung out along Norway's coast. Heavily subsidized by the government, the *hurrigruten* are still the chief and most reliable link between many of the smaller places along the route which, unlike the larger towns, are not directly connected to the country's extensive domestic airway network.

Over the years, however, the *hurrigruten* service has evolved into one of Norway's most popular summer tourist attractions. Bookings are

made months in advance, and it is usually extremely difficult to get a berth at the height of the season.

But by late September, early October, the tourist invasion has begun to recede and the coastal steamers revert increasingly to their original character as no-nonsense working boats serving the local population along the coast. Tourist passengers are far fewer, and there is usually no difficulty getting a berth. Fares are also considerably lower, making the trip, while not exactly cheap, still a real bargain by Scandinavian standards.

There are 11 ships currently in service, one leaving Bergen every day of the year on the 11-day return journey to Kirkenes. They range in size from a little over 2,000 tons to more than 4,000 tons for the newer ships in the fleet, and carry between 150 and 200 cabin passengers.

The M/V Finnmarken, the Ship I happened to take, is one of the smallest and oldest in the *hurrigruten* fleet. Weighing 2,189 tons and accommodating 148 passengers, it was commissioned in 1956 and refitted in 1983. Cabins are functional but comfortable, most now having their own attached toilet and shower.

Food too, is good but simple — three solid meals a day which, unlike the multi-course, five-times-a-day over-gorging sessions one usually associates with sea cruises, are not designed primarily to relieve boredom.

Likewise, there is no shipboard entertainment (apart from a TV set

in the main lounge). Plainly, no attempt is being made to seduce the voyager away from the real charms of the trip — the spectacular natural kaleidoscope on deck.

APART from two or three short stretches of open sea, when the going can be a little rough, the ship is never out of sight of land. One spends hour after hour up on deck watching the marvellous, never-the-same shapes of the rugged Norwegian coast unfold themselves.

The autumn colours tend to be sombre — the coastline's varying shades of purple which from time to time are brilliantly relieved by sunlit patches of autumn gold, and the sea a deep slate. Further north, the steep cliffs and mountains along the coast take on a mantle of snow, adding a dazzling frosting to the scene.

The air is sharp — invigorating, sometimes a little biting. The experience is not unlike watching a waterfall or staring into an open fireplace — fascinating, vaguely mesmerising, deeply relaxing.

The one possible drawback of taking the trip in autumn is the growing shortness of the days. Early in the morning of the fourth day out from Bergen, one crosses the Arctic Circle (it is marked by a globe on a small island just off the shore), where dusk descends already by four o'clock in the afternoon.

But if you are fortunate enough to be travelling under a full moon, the silvery light — astonishingly brilliant in the crystal Arctic air — adds a new dimension of radiance to the snow-covered shore.

The real bonus of a trip at this time

of the year, however, is the Aurora Borealis — the mysterious Northern Lights which are seen at their most spectacular in the darkened Arctic sky. The wavering patterns and cascades of flickering greenish-white light that suddenly and soundlessly illuminate the night sky have always fascinated Arctic travellers.

Modern science tries to explain the phenomenon in terms of a light-emitting electron fall-out in the atmosphere. But while watching this spellbinding celestial fireworks display, it is the mystical explanations rooted in the mythology and superstitions of the local inhabitants that are more persuasive: spirits dancing in the heavens, light reflected from the shields of the Valkyries conducting their heroes to Valhalla, the light of retribution which will strike down

those who look on it for too long.

With 35 ports of call along the way, the ship is never at sea for more than four or five hours at a stretch, and there are several opportunities each day to go ashore. The stop may be for as little as half an hour as the ship unloads a consignment of fishing boats or takes a load of fish in large styrofoam containers. A party of schoolchildren may come on board, for a day's excursion to a neighbouring town or island.

The shipboard population is constantly shifting, as is the scenery outside. It seems that besides myself, it is only the party of three middle-aged Germans who are making the full trip to Kirkenes.

Many of the ports of call are no more than hamlets — a row of 10 or 12 wooden houses strung out from the small jetty, and little else. These provide a thought-provoking insight into the lives of the thousands of hardy country folk living along the beautiful but bleak Norwegian coast.

THERE are a number of fascinating large towns along the route, starting with the beautiful port of Bergen. The home-town of Norway's most famous composer, Edvard Grieg, Bergen is well worth a stopover for a day or two before embarking.

Stops in the larger towns are usually long enough — three or four hours — for a leisurely tour of the main sites of interest. Alesund, where the ship calls on the second day out of Bergen, is a carefully preserved and marvellously pic-

turesque fishing port. Norway's largest.

Trondheim, reached on the third day, is Norway's third largest city (after Oslo and Bergen), and site of the 14th-century Nidaros Cathedral — the largest Medieval building in Scandinavia. There are also many medieval wooden buildings in the beautifully preserved old quarter of the city.

Tromsø, where the ship calls on the fifth day, holds a different kind of fascination. Known as the "Capital of the Arctic," Tromsø is deep inside the Arctic Circle and the major staging point for Arctic expeditions, a role symbolized in the small statue of Roald Amundsen in a small park near the quay.

MY OWN trip ended in Kirkenes and after a day in the town, visiting the huge open-pit iron mine and touring the surprisingly lush silver-birch forested countryside, I returned by air to Oslo.

Many travellers do stay with the ship on its return leg, which is carefully planned so that ports visited during the night on the outward trip are now visited in daylight and vice versa — so that the traveller, determined to get the last penny of his money's worth, need not miss a thing.

For anyone looking for something a little off the beaten tourist track, who has no particular craving for the packaged comforts of a five-star holiday and is not pathologically averse to the cold — easily kept at bay by a warm sweater or anorak — an autumn cruise on one of Norway's little *hurrigruten* is an experience not to be missed. It is a way of seeing and experiencing another kind of Norway — Norway without a dinner jacket. Roald Amundsen would surely have approved.

Two peoples - tied by a bond of fate

Avi Batavia

THE JEWISH and the Palestinian peoples are bound to this land and each other by a bond of fate.

For the Jews, spiritually and historically tied to their homeland, persecuted and oppressed because of their religion and nationality, it was only natural to concretize their nationhood. The Palestinian is tied to this country in similar fashion. Oppressed everywhere, even Arab countries will not grant them citizenship.

It should be clear that our two peoples are inextricably bound up in each other's fate. One people can neither eradicate the other nor dominate it in the expectation, that the dominated people will reconcile itself to the situation. We have no choice, therefore, but to achieve a degree of cooperation which will enable us to live a full life together in Israel, a cooperation which embraces the personal, national, and religious welfare of the two communities. The question is, how do we prepare ourselves to attain these goals? In the first place, we must recognize that they are necessary — for the sake of the truth, for the sake of the future of our children, for the sake of peace, of security, and humanity.

How to begin: If you are an Israeli Jew, know that the Palestinian Arab is a human being like you — cultured, intelligent, cooperative, loving and caring. As a complete human being the Palestinian is a natural ally. If, in the past you have ever oppressed an Arab because he was an Arab, if you have ever had feelings of hatred and fear toward Arabs, "work" on these tendencies until you have completely eradicated them. And be aware that you yourself are not a complete human being so long as you have as much as a trace of these tendencies. Simply being aware that you have a problem may contribute to an improvement.

Be gracious to Arabs and make at least one Arab friend. Be generous, sociable and loving to this friend. Invite him or her to your home. Join in his celebrations and take part in them, invite her to your celebrations. Be aware that your Arab friend is waiting to be invited to come to your home. He is eager to form close friendships with Israeli Jews. It is possible that, initially, this will be difficult, for there are doubts, fears and lack of trust.

IF YOU ARE an Arab, know that like you the Jew desires good relations. And if this isn't the way it is in your meetings with most Jews, understand that this is the result of fear, disappointment and frustration. If the Jews can liberate themselves from this fear, there will be a larger place in their hearts for you. The roots of Jewish fear are deeply embedded in their history of oppression and humiliation. These painful feelings leave their marks on the life of the society and the nation. Slogans like "We will not give an inch" or "Massada will never fall again" and others like them reflect the pain behind these feelings and feed them further. From your own understanding you will have the strength to be tolerant, to choose for yourself a Jewish friend who is appropriate for you, one who will not abuse your feelings even by a slip of the tongue.

Together, it is possible to leave off for a time from the incessant warfare and conflicts, to eat together, to build together and to respect one another. These moments are important in creating new facts — facts of mutual respect and a belief that it is possible to have a good life together, that it is possible to talk, possible to coexist without war.

There will always be those who cannot believe. There will always be those who will function out of fear and in whose hearts there is no place for other alternatives. There are always people at the extremes, who simply yearn to pull the trigger. They are the truly wretched, constantly confused and fearful.

There are also those who try to explain their fears "logically," whose language is that of the "informed," who coat their fear in a coating of "intellectualism." But it is clear that beneath it all, there is only fear and frustration.

We, on the other hand, shall continue to believe in the sincere and honest promptings of our heart. This is only a beginning. We give up nothing — least of all our self-respect. We are only revealing our humanity.

(The writer, a cabinet-maker, is coordinator of a co-counselling group in Jerusalem.)

MUSIC REVIEW

Berg: Lightness and joy

The Alban Berg Quartet: Gunter Fichter, violin; Gerhard Schütz, violin; Thomas Kalkbrenner, viola; Valentin Erben, cello (Wix Audiotronics, September 8). All-Berlin program: Quartet in G minor, Op. 18, No. 4; in E-flat major, Op. 127; in C major, Op. 59, No. 3 (Rasumovsky).

To listen to the Alban Berg Quartet means entering the innermost world of the composer. Perfect teamwork, incredible togetherness, and a rarefied, velvet-like beauty of sound are self-evident, and do not need any special mention. What elevates the performance of this group above all this is a quality of almost inexplicable restraint marking the quartet's interpretation of the music.

There is nothing in the quartet's performance aimed at stunning the listener. Tempo, dynamics, even volume are never spectacular or extravagant. It all sounds natural and relaxed, but also totally committed.

The quartet put the music first, yet with all this humility the four musicians convey to their audiences the closest secrets of the composer.

The joy, the lightness, despite the

minor key, the exalted repose of Op. 18 were extraordinary.

Op. 127 remained what it is, an essay in philosophy. The performance both revealed and hid. Again, as in Op. 18, the players seemed dedicated only to the music. They spoke Beethoven's language.

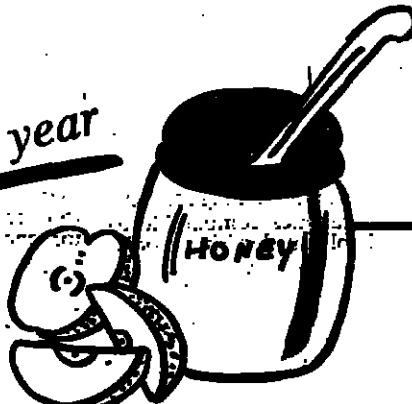
The four players were never tempted, throughout the performance, to indulge in irrelevant romanticism. Op. 127 has been described as "the portal to the whole artistic kingdom of Beethoven's last years." The quartet's performance indeed introduced us to the secrets, the question marks, the mysteries and ambiguities of this "kingdom."

The Alban Berg Quartet's complete devotion to the music seems to resolve problems. Even the complexity of Op. 127 becomes the property of everybody. The quartet succeeded in blending the worlds of the music and of the listener. We all seemed, in kinship, to be part of the music making.

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ECONOMIC NEWS

Diamond industry is challenged

Israel, Belgium aim to polish their market competitiveness

By KEN SCHACHTER
TEL AVIV. — The diamond industries of Israel and Belgium must abandon their traditional rivalries and hand together to ward off a threat from the East, business and government officials declared yesterday.

Belgian Finance Minister Mark Eyskens, concluding a five-day official visit here, called for the diamond exchanges to drop outdated notions of competition and join forces against competitive industries in India, the Soviet Union and Southeast Asia.

"I'm in favour of an alliance between Antwerp and Tel Aviv," he said. "We must stick together if we are to face the challenges of the coming years."

In recent years, India and some Far East countries have utilized cheap labour to gain a foothold in the diamond-polishing business that previously had been the domain of Israel and Belgium. The Soviet Union, meanwhile, has targeted the upper end of the market, gaining a reputation for producing high-quality stones.

Eyskens echoed the sentiments of Moshe Schnitzer, president of the Israel Diamond Exchange, who called for cooperation in the development of machines to automate the

process of diamond processing. "It's the only way to save both countries," he said.

The Israeli diamond industry cuts and polishes about half of the rough diamonds mined worldwide. In the first half of 1987, Israel exported about \$1 billion in polished stones, a record rate, up from \$1.6b. for all of 1986. But industry officials complain that profit margins are declining on the sale of small polished stones as the price of the raw material rises.

Part of the problem, industry observers say, stems from the failure of the worldwide De Beers monopoly to allocate adequate rough stones to Israel. According to a trade journal, 46 per cent of the rough stones imported by Israel this year have been coming from the De Beers Central Selling Organization, while 49 per cent are coming from Belgium.

The need to buy rough stones from Belgium's allocation has raised the price of the raw material here, which is estimated to account for 80 per cent of the cost of production.

The import of rough diamonds from Antwerp amounted to \$950 million last year, the lion's share of total Belgium imports totaling \$1.27b. Although Israel in turn exports polished diamonds to Belgium, last year's figure of \$148 m. fell far short of compensating for

rough diamond imports. This chronic gap in the diamond trade has led to a long-standing bilateral trade surplus favouring Belgium that last year reached \$350m.

At a meeting with Israeli journalists, Eyskens acknowledged the problem. "At first glance, the surplus would seem to be structural," he said. "What to do? You can make speeches and say we should import more from Israel. Or Israel should import less from Belgium, but that would be protectionist."

The answer, he said, lies in joint ventures and investments. Talks in that direction have started and should be accelerated, he added. One such proposal is the creation of a high technology fund that would be financed through a "triangular formula" of the two governments and the private sector.

Diamond processing traditionally has been a labour-intensive industry, with skilled craftsmen aiming for the precise cut that would waste the least part of the precious stone. New computer-guided machines that detect the ideal cutting line are beginning to enter the industry. Although they aren't in wide use yet, Israeli processors are hoping automation will put them on an equal footing with countries such as India where wages are low.

Shiff hotel on the block once more

By GREER FAY CASHMAN
Jerusalem Post Reporter

The 260-room Jerusalem Gardens Hotel, which belongs to debt-plagued hotelier Haim Shiff, is due to go under the hammer this morning in the Tel Aviv District Court. Shiff, who has been loath to let go of his extensive real estate holdings, has been forced by Bank Leumi to sell out his holdings so that he can repay multi-million dollar debts to bank creditors.

No one knows quite how much money Shiff owes to the banks, but the best guesses place the sum at somewhere between \$20 million and \$30m. In recent months Shiff has sold a clutch of properties, receiving \$3.6m. for an apartment block in Ramat Gan. On Tuesday, he sold the office block and commercial centre above the Shekhem building in Tel Aviv for \$11.5m. to a group of ultra-Orthodox Jews from Britain and the U.S.

The new owners are expected to make changes in the 20-storey building, which was built as a hotel, converting the upper floors into 8,000 square feet of offices and 4,000 square feet of the lower floors into commercial space. The commercial space is scheduled to be completed in about six months and the office space by next April. All told, the new owners told a press conference on Tuesday, they expect to invest some \$4.5m.

Today's sales effort will be the second for the Jerusalem Gardens. Shiff backed out of a memorandum signed with the Weiss and Halperin brothers of New Jersey for the sale of the still-unfinished Jerusalem Gardens for \$5.6m. Claiming that he had buyers who were willing to pay more, Shiff contested the agreement in court, and last month won the right to prove his point at public auction. Harry and Joseph Weiss, and Sam and Arie Halperin already own the Ramada Renaissance Hotel, which is next door to the Jerusalem Gardens.

The acquisition of the adjacent premises would enable them to offer the best convention facilities in the capital.

Although there is still considerable construction work to be done on the Jerusalem Gardens facility, \$5.6m. is a rock-bottom bargain price considering the size and location of the premises near the entrance to the city.

And because of that Shiff may challenge today's sale as well. He told *The Jerusalem Post* yesterday that he had at least two other buyers who were offering sums of \$6.5m. and \$7m. for the Jerusalem Gardens. "But I'm opposed to accepting their bids just as I'm opposed to accepting \$5.6m.," he said. "Anything less than \$18m. is not a sale, it's a gift."

Opec chief to probe quota violations

VIENNA (Reuters). — Opec President Rikman Lukman will visit the Gulf shortly to try to stop oil-output quota violations by some cartel members, which are eroding the \$18 world price Opec has sought for eight months.

Lukman, the Nigerian oil minister, said the countries he would visit would be chosen after a meeting here tomorrow of Opec committees monitoring the group's output and world oil prices.

He said oil industry reports that alleging that the group produced around 19.7 million barrels per day in August "contain an element of exaggeration." The reports said Iraq, Iran, Kuwait and the United Arab Emirates were the main offenders.

THE TAX BURDEN/Jeff Broide

Getting back the loan

Q: I would be grateful if you could let me know about the law regarding ex-Israelis (emigrants) who inherit money or property in Israel. Can they legally transfer their inheritance to their country of residence? (H. Sella, Ramat Gan)

This column deals with tax matters and foreign exchange control regulations are not in its purview. However, I would point out the following:

One of the types of exemptions granted under the foreign exchange control regulations is that of an Israeli citizen whose permanent place of residence is outside of Israel and this is, in fact, recorded in his or her passport. In addition, such exempt person must have spent at least six months out of the previous 12 outside of Israel.

The National Insurance Law enables the authorities to treat income from all sources as income subject to NII payments in Israel.

In such case, such non-residents may hold assets or carry out transactions outside Israel, may hold non-resident foreign exchange deposits in Israel and may hold various assets within Israel that regular Israeli residents are not permitted to do. In addition, such people may purchase assets in Israel and sell them and may regularly convert shekels back into foreign currency and transfer them outside the country. Similar provisions apply in the case of inheritance.

In other words, where the assets are acquired legally by inheritance and the beneficiary is entitled to transfer foreign exchange or other assets out of Israel, as indicated above, then he too will be exempt from foreign exchange controls on money or property forming part of the deceased's estate. He or she may, therefore, legally transfer such assets to their country of residence.

This is a very general kind of answer and it would be advisable to consult with legal experts as to the specific provisions governing your particular case.

Q: Regarding the redemption of Peace for Galilee loan certificates, I am no longer in possession of the documents themselves. What can be done in this case? The money was paid into the bank between September 1982 and August 1983, when my husband died. I will be 65 at the end of the year. My husband was self-employed.

If you are the sole survivor and beneficiary of your husband, then at the age of 65 you may redeem the certificates. To this end, you are required to bring with you a copy of the will, certificate of death and original documents relating to these loans (preferably copies of your husband's tax returns for the 1982 and 1983 tax years).

If you are not the sole survivor and beneficiary, then these certificates will be redeemed only on date of redemption, as indicated on the certificates, which is some time towards the 1990s.

As it appears that you are not yet 65, you will have to wait until the end of the year and then proceed as indicated above.

The address of the loan department is c/o The Bank of Israel, Kiryat Ben-Gurion, Jerusalem.

Q: I am an Israeli citizen, resident in Israel 26 years. In 1986 I was given approximately £200,000 in British securities as a gift. As I am not allowed to hold foreign currency, a bank in London holds the shares in my behalf, and pays the interest through my bank in Jerusalem, which deducts income tax of 25 per cent and forwards this to the tax authorities here.

I have now received a letter from the National Insurance Institute (NII) demanding payment on the income from the shares, which is greater than my Israeli earnings, as well as a fine for failing to make payment until now. Can they do this?

If you are salaried and have a small "self-employed" business or practice on the side, which takes up less than 12 hours a week (conditional, of course, on your salary income exceeding the self-employed income), then you are not liable to additional NII payments on income from the business or practice. If your salary income already exceeds the NII ceiling, then you are again not liable to any additional payments.

However, if you have an additional source of income, whether local or foreign, then this additional income is liable to NII payments. Once again, these may not exceed the upper limit as set from time to time by the NII. In your situation, the National Insurance Law enables the authorities to treat income from all sources, as specified in Section 2 of the Income Tax Ordinance, as income subject to NII payments in Israel. These sources include dividends, rental from property and interest.

If the income is received in Israel, even though from a foreign source or from assets situated outside Israel, then it is liable to NII payments (and, of course, to income tax as well). Such principles are clearly stated in the law and, in fact, have been clarified in certain court cases.

Unfortunately, the NII has acted within its legal rights in levying these charges on you. I suggest you make an application to them requesting cancellation of the fine, explaining that you were unaware of the obligation to make NII payments on foreign-earned income. You may point out that in situations where you were aware of the law, for example as indicated in your abiding by the foreign-exchange control regulations and income tax regulations, you did in fact act accordingly.

I cannot help concluding by saying (though this is of course of no solace to you today) that in this kind of situation, the prudent and cautious taxpayer would do well to plan affairs before the end of the 20-year period but, either way, at any stage that such problems do arise, to consult immediately professionally so as to avoid both the income tax and NII ramifications indicated above.

It is worth repeating here that income received in Israel from foreign sources, after seven years have elapsed from the taxpayer's date of immigration is liable to both income tax and NII payments in Israel, the latter depending on the circumstances. However, a capital transfer to Israel, as distinct from income, is not so liable.

The writer is a Certified Public Accountant (Israel). Questions may be addressed to him c/o The Jerusalem Post.

Dane poll: vote against stability

By MICHAEL DUGGAN
COPENHAGEN. — The uncertain outcome of the Danish general election will make it harder to solve the country's acute economic problems, financial analysts are saying.

The election weakened the centre-right coalition of Prime Minister Poul Schluter and left it depending for a majority on the outcome of talks with the non-governmental Radical Liberals and small, anti-tax, anti-immigrant Progress Party. "It is a negative result. There will be tough negotiations," says Henrik Norman of Denmark's largest bank, Den Danske Bank.

Chief Economist Nils-Eiler Nystrom of stockbrokers R. Kristiansen told Reuters: "The economic difficulties that Denmark faces are not changed by the election. It will be more difficult to get anything done." Schluter's four-party coalition came to power in 1982 promising to put right the Danish economy, which has suffered several currency devaluations and a growing state budget deficit. He curbed public spending and slashed the budget deficit to zero, while cutting unemployment from around 10 to 8 per cent and generally maintaining high living standards and the welfare state.

But under Schluter the national debt doubled to \$38 billion — one of Europe's highest at 40 per cent of gross domestic product — and the balance-of-payments deficit soared as Denmark struggled to pay interest on its loans.

One commentator observed that Denmark enjoyed wealth but did not create it. He compared the borrowing of modern Danes to the methods of their ancient Viking forebears, who got rich by robbing and plundering foreign countries.

Prices on Denmark's crucial bond market slumped as election results came in Tuesday and foreign exchange dealers are predicting a sharply lower exchange rate for the krone. The smaller equities market has long underperformed other Nordic stock exchanges, due to nervousness over the country's political stability. Analysts say the Progress Party, which gained a pivotal position in

the election, had long been regarded as a destabilizing force in Danish politics.

It helped topple a Schluter government in 1983 by voting with Socialists against the budget, but analysts express hope that the party would now take a more mature approach to economic problems.

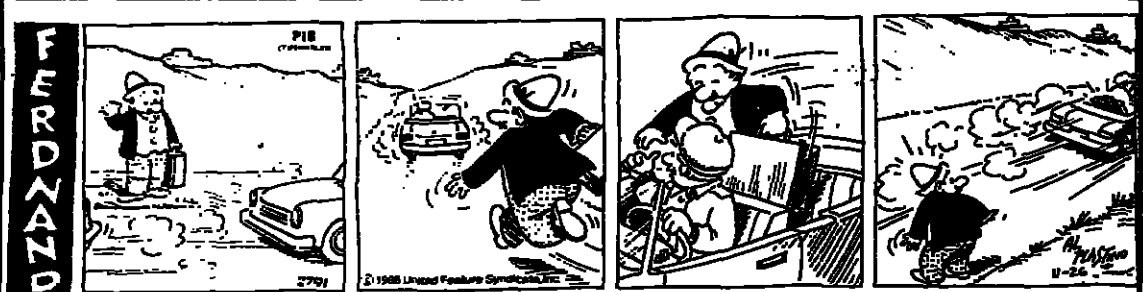
the election, had long been regarded as a destabilizing force in Danish politics.

It helped topple a Schluter government in 1983 by voting with Socialists against the budget, but analysts express hope that the party would now take a more mature approach to economic problems.



Belgian and Israel diamond workers.

(Reuters, Shimon Fuchs)



CROSSWORD

ACROSS

- 1 Well enough, if only other Euro-currencies can keep this (2,2,3,4)
- 9 Pithy crushed Tory who had the House in his spell (4)
- 10 B implies participation rather than a part (6,5)
- 11 To become one, does an actress need a heavenly body? (4)
- 14 Hail! Guatemalan army commutes the French from South East Asia (7)
- 16 First entry in Caesar's list of friends or just the opposite? (7)
- 17 Shoot a thorn (3)
- 18 Red wine, fluid becomes a sheet of ice (4)
- 19 Outspokenly mean manner (4)
- 20 Single and healthy, but on the rocks (3)
- 22 Pair with an affection that is plain in America (7)
- 23 Thrust out the extra vulgar (7)
- 24 Anything found in the newspaper (4)
- 25 Feeling that makes one speed distribution of food entitlement? (11)
- 29 The many—not us (4)
- 30 Quickness of the hand made feeling quite different (11)
- 2 Choose a tool of mine (4)
- 3 Passionate poet making an appeal to 6500 (4)
- 4 Impatient gesture with crop could mean the end of the wine (4-3)
- 5 Tie up Othello (4)
- 6 Tell and tell again (7)
- 7 Satisfied over debts in dispute (11)
- 8 Fantastic liar joining National Education Council is a real wizard (11)
- 12 I'm on to one in property deal exhibiting unseemly conduct (11)
- 13 Sow and a wild cat as arms for Henry II's family (11)
- 15 Centre of Manichean recess (5)
- 16 I'll say it's the only path a bride wants to be led up (5)
- 20 Sort of twin language to Thai? (7)
- 21 No longer valid and (said to say) no longer even invalid (7)
- 25 Sword which gives soft thrust in three identical points (4)
- 26 Met's turned up with advice on how to stop flooding (4)
- 27 It enquires into public opinion, alternatively into a motorway (4)

Yesterday's Solution

ACROSS: 1 Whirled, 5 Atlas, 8 Folly, 9 Comical, 10 Recollect, 12 Ran, 13 Martyr, 14 Withe, 17 Sou, 18 Discredit, 20 Ascribe, 21 Chasm, 23 Every, 24 Mallard, DOWN: 1 Wafer, 2 Ill, 3 Loyalty, 4 Decker, 5 Admin, 6 Lacerated, 7 Silence, 11 Caribuncle, 13 Messare, 15 Lyrical, 16 Esleem, 18 Daisy, 19 Timid, 22 Aza.

QUICK SOLUTION

ACROSS: 1 Whirled, 5 Atlas, 8 Folly, 9 Comical, 10 Recollect, 12 Ran, 13 Martyr, 14 Withe, 17 Sou, 18 Discredit, 20 Ascribe, 21 Chasm, 23 Every, 24 Mallard, DOWN: 1 Wafer, 2 Ill, 3 Loyalty, 4 Decker, 5 Admin, 6 Lacerated, 7 Silence, 11 Caribuncle, 13 Messare, 15 Lyrical, 16 Esleem, 18 Daisy, 19 Timid, 22 Aza.

QUICK CROSSWORD

ACROSS

- 1 Shred lunch
- 4 Defenator
- 9 Prospect
- 10 Chinese bear
- 11 Piece of footwear
- 12 Milk sugar
- 13 Full ill
- 14 Fine sediment
- 16 Care for
- 18 Rashful
- 20 Draw out
- 21 Adhesive
- 24 Walk proudly
- 25 Artist
- 26 Soak with water
- 27 Gloomy

DOWN

- 1 Game bird
- 2 Top ruin
- 3 Cupid
- 5 Extreme greed
- 6 Indian storm-wind
- 7 Harvester
- 8 Cranium
- 13 Great ocean
- 15 Student doctor
- 17 Rented
- 18 Caves
- 19 Great fear
- 22 Turning tool
- 23 Discover

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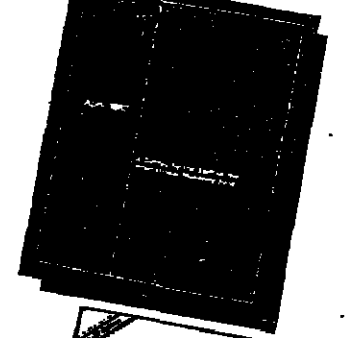
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After 8 months as financial group chief

Grofman to quit Leumi post soon

By PINHAS LANDAU
Shlomo Grofman intends to resign his post as head of Bank Leumi's financial services and investment division, only eight months after his appointment, *The Jerusalem Post* has learned.

The likely candidate to replace him is Victor Medina, former head of the monetary department at the Bank of Israel, and recently appointed to the board of Leumi's provident fund management company and head of its investment committee.

The background to Grofman's resignation is a disagreement with Leumi Chief Executive Officer Zaki Bino over who should succeed Grofman as general manager of Africa Israel Investments Ltd. This real estate and insurance conglomerate, which owns, among other things, Migdal Binyan Insurance Ltd., the country's second biggest

insurance company, is the main non-banking operation in the Leumi Group.

Grofman has been general manager of Africa-Israel for several years, but with his appointment as head of the newly-created financial services and investment division at Leumi, he also became the company's chairman. Leumi policy is to split these functions, and it therefore became necessary to find a new general manager.

Leumi has firmly denied recent reports that Africa Israel is up for sale. The bank has been aggressively selling its holdings in firms not engaged in financial services, such as Israel Land Development Corp. It has said that it will hold onto its controlling stake in Africa Israel, however, because of its Migdal Binyan subsidiary. The insurance firm cannot easily be split off from the rest of Africa-Israel, mainly for tax

reasons.

It is not clear whether the rumours of disagreements within the Leumi Group over policy toward Africa-Israel contributed to Grofman's resignation.

But it seems that he will remain in his old post as general manager of Africa Israel, and hence within the framework of the wider Leumi Group, even after stepping down as head of a division within the bank. Whether this arrangement is tenable in the longer term is not yet clear.

Grofman's reported resignation, which is expected to be confirmed in the shortly, comes only two days after the appointment of Yosef Yalon as his deputy, starting in November. Yalon has been head of Leumi's mutual fund operation, PIA.

Grofman's most recent division heads within Leumi to resign or be replaced since Bino's arrival in March of this year.



Shlomo Grofman.

BUSINESS BRIEFS

Number of job seekers up slightly

The number of people turning to the Employment Service for work edged up only a seasonally adjusted 4.5 per cent in August, compared with July, figures released by the service on Tuesday.

It said 38,454 people made an application for work in the month, compared with 36,280 in July.

The number unemployed for six days or more grew more sharply, to 15,390 compared with 14,292 in July, a gain of 7.5 per cent, the Employment Service said, although the figures were only 2.5 per cent after seasonal adjustments. Compared with August 1986, the figures were down significantly from 21,627.

The number of job offers made by employers grew by 1,044 (1,795, after seasonal adjustments) to 21,869 in August.

HAMASHBIR L'ZARCHAN reported yesterday that sales grew 40 per cent in value in the first half from a year earlier, with the biggest rises in clothing, electronics, cosmetics, travel goods. Declines, or rises smaller than the Consumer Price Index, were registered in home furnishings, carpeting, women's clothing and swimwear, housewares and auto accessories.

Among the biggest gains reported by the department store chain were in home appliances (75 per cent), electronics (80 per cent) and travel-related products (117 per cent). Vir-

tually all clothing categories posted rises, except for women's.

SHEEN-HAR INVESTMENTS and Development Ltd. has signed an agreement to value at \$1 million for the export of bonsai trees to a Canadian company. Under the 12-month contract, the Israeli grower of house plants will supply 200,000 of the Japanese miniature trees to Oshawa Group, who plans to market them in Canada as the "Love Tree."

Shen-Har Managing Director Yigal Ben-Shalom said the unique bonsai, developed in Israel, had already had a successful marketing season in Britain, the Netherlands, West Germany, Belgium, France and Denmark.

The bonsai tree was developed from a 25-centimetre-high houseplant from a tree native to Australia

that in nature grows to be 20 metres high or more.

THE EMPLOYERS' TAX on public construction may be abolished, Moshe Hava, deputy director of the Treasury's budget department, told the heads of the United Building Sector Institution, the umbrella organization of contractors and construction companies, on Tuesday.

Hava said the 4 per cent tax makes public construction, which is financed from the budget, more expensive.

The contractors said it was absurd that no levy was imposed on residential building operations while public construction was liable to the tax. They noted that the revenue from the tax was very small, and therefore the loss from abolishing it would not be large.

Bruno: Tight rein is needed over economy

Post Economic Staff
TEL AVIV. — Bank of Israel Governor Michael Bruno yesterday called for continued government restraint in the realm of both fiscal and monetary policy.

Speaking at the Manufacturers Association's annual meeting, Bruno argued against trying to bailout every failing industry. There are successful industries and failed industries and the government should give priority to those able to grow and prosper, he said.

In arguing against an interventionist policy, he declared: "You need to give the forest conditions to grow, but you needn't water every tree."

Bruno said the wage agreement about to be signed with the public sector was the maximum the government could give and he cautioned the private sector against using it as a yardstick for their own negotiations.

Significant gains have been achieved through the government's economic plan, he said, predicting that industrial growth would reach 7 per cent this year.

The growth of imports, expected to be 10 per cent, will outstrip export growth of 9 per cent, he said, increasing the balance of payments deficit by \$200 million.

At a press conference Tuesday designed as a lead-in to yesterday's meeting, Dov Lautman, president of the Manufacturers Association, warned that the wage increase now contemplated in negotiations with the public sector would hamper productivity and enlarge the state budget.

In his speech, he said that any wage hike might be linked to a rise in productivity. In the public sector, however, increased productivity would entail laying off thousands of workers and raising the salaries of those remaining, he said.

More than 40,000 workers should be cut from the public-sector rolls over the next 4-5 years, he said. The public sector employs 420,000 people, he noted, considerably more than the 330,000 on the industrial sector's payroll.

Lautman predicted that this year's inflation rate would reach 16

per cent, a level that remains uncomfortably high. To effect full economic recovery, he said, inflation must be trimmed to 5 per cent annually.

Lautman chided the government for its "sit and do nothing" policy on exports and balance of payments.

The association's annual economic assessment discounted predictions that economic growth would accelerate this year, estimating that at best the annual rate wouldn't exceed 4 per cent. Some observers, seeing signs of accelerating growth in the second half of 1986 and the first quarter, predicted a robust economic expansion. In the second and third quarters of this year, however, there were signs of a slowdown.

Likewise, the association's report takes a cautious view on industrial exports. Though 1987 industrial exports have grown at a 14 per cent annual rate, Lautman said the rate was likely to trail off by year's end. A major factor contributing to increased exports has been the weakening of the dollar.

The association warned that real wages have been outpacing the rate of price increases, a process that threatened to heat up inflation. Last year, the report said, the wage increases granted to industrial workers almost halted the economy's recovery. The wage increases were granted, he said, on the assumption that the government would devalue the shekel.

Still, the report said, the industry kept a lid on inflation compared with other sectors of the economy. In 1986, real wages rose 16.8 per cent overall, he said, with personal services accounting for 22 per cent, food and lodging 15.4 per cent and industry 10.7 per cent. Only public sector was lower, with an 8.3 per cent increase.

The association said a devaluation might be warranted as a means of encouraging exports. But a key to growth must be a reduction in the balance of payments deficit, the report said. Such a programme has particular import in that Israel is scheduled to lower its customs duties on goods from the European Community in January 1989.

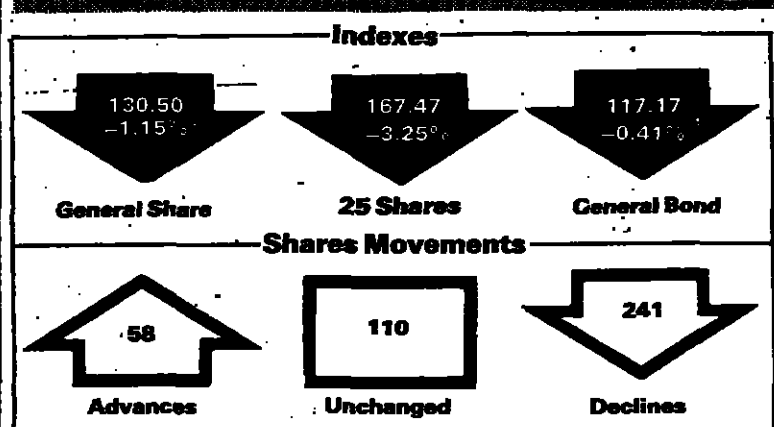
More data for Makefet members

Members of Makefet pension fund will start receiving a full report about the state of their pension rights for the end of last year. In addition to the usual information about monthly payments to the fund, the members will receive new information detailing the accumulated rights and the relevant salary for pension purposes.

The pension's general manager, Yitzhak Shilon, said that it took the fund 18 months to develop the software necessary to give members the relevant information. In the future, he promised, they would be able to update their information from the fund's computer.

Shilon said that as of September the fund's members would be updated about their accumulated rights, the sum they would be getting in case of retirement.

Tel Aviv Stock Exchange



Selected Prices

Name	Price	Volume	% change
Commercial Banks			
Bank Leumi	2150	10	-0.2
Bank Hapoalim	1838	1272	-0.2
Bank Mizrahi	1818	52	-1.0
Bank Hapoalim	1818	52	-1.0
Bank Mizrahi	1818	52	-1.0
Industrial			
Asiatic	10088	1028	-
Bank Leumi	79130	155	-
Bank Hapoalim	126780	78	-
Bank Mizrahi	41490	1437	-
Bank Hapoalim	69470	1536	-
Bank Mizrahi	174240	8	-1.0
Bank Hapoalim	43547	1613	-
Bank Mizrahi	57670	20	-0.9
Mortgage Banks & Finance			
Bank Leumi	9700	580	-5.1
Bank Hapoalim	2800	655	-4.9
Bank Mizrahi	3500	1788	-
Bank Hapoalim	22047	281	-1.6
Bank Mizrahi	8671	114	-1.0
Bank Hapoalim	10230	180	-5.1
Bank Mizrahi	23550	44	-0.9
Insurance			
Asiatic	1119	172	-1.0
Phoenix	780	1778	-
Bank Hapoalim	5880	173	-2.0
Bank Mizrahi	2150	88	-1.4
Bank Hapoalim	415	6171	-1.0
Bank Mizrahi	1250	330	-0.2
Bank Hapoalim	6038	-	-
Trade & Services			
Interbank	1000	2558	-
Bank Leumi	1081	5498	-5.2
Bank Hapoalim	822	4557	-0.9
Bank Mizrahi	1540	162	-0.8
Bank Hapoalim	690	380	+1.5
Bank Mizrahi	1140	3026	+0.4
Bank Hapoalim	408	10140	-
Bank Mizrahi	3030	180	-1.3
Bank Hapoalim	14800	10140	-
Bank Mizrahi	715	1355	-3.4
Real Estate, Building and Agriculture			
Al-Rov	382	1180	-2.2
Bank Leumi	59550	32	-0.3
Bank Hapoalim	3100	887	-0.8
Bank Mizrahi	6700	528	-
Bank Hapoalim	285	8527	-0.8
Bank Mizrahi	5400	845	-1.1
Bank Hapoalim	22000	581	-4.5
Bank Mizrahi	352	17528	-5.8
Bank Hapoalim	6040	1884	-0.5
Bank Mizrahi	1950	2580	-5.8
Industrials			
Dubak	8520	408	-0.2
Tanpop 1.0	38800	15	+2.5

Statistics

Stock Indices	Value	% change
General Share (local avg.)	147.01	-2.50%
Non-arranged	195.35	-2.1%
Arrangement Banks	119.71	-0.01%
Mortgage Banks	147.84	-1.88%
Financial Inst.	122.43	-0.24%
Insurance	101.58	-1.34%
Commerce & Services	145.08	-1.33%
Real Estate & Agric.	138.16	-2.21%
Industrials	144.01	-2.58%
Food & Tobacco	131.80	-0.23%
Textiles	137.09	-0.67%
Metals	131.12	-2.87%
Electronics	125.86	-1.00%
Chemicals	155.86	-2.87%
American dollar	109.85	-3.38%
Investment Cos.	173.82	-2.25%
Oil Exploration	137.45	+1.22%
Parallel Rate	95.70	-0.47%

Bond Indices

Bond Indices	Value	% change
Index-linked Bonds	118.67	-0.43
Fully linked	118.58	-0.58
Partially linked	113.39	-0.10
Foreign Currency	118.63	-0.28
FC denominated	112.17	-0.08
FC linked	112.85	-0.38
Short-term 0-2 yrs	113.81	-0.12
Short-medium 2-5 yrs	116.42	-0.28
Medium-long 5-7 yrs	119.54	-0.88
Long-term 7+ yrs	121.61	-0.72

Turnovers

Turnovers	Value
Total Shares	NIS 21,855,300
Non-arrangement	NIS 17,525,500
Arrangement	NIS 4,329,800
Bonds	NIS 6,555,300
Treasury Bills	NIS 2,276,800

Share Movements

Share Movements	Value	% change
Advances	58	(80)
Declines	241	(11)
Unchanged	110	(196)
Advances of which 5%+	33	(14)
Declines of which 5%+	3	(17)
Unchanged of which 5%+	38	(20)

Bond Market Trends

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Long-term 7+ yrs	121.61	-0.72

Arrangement Yields

Arrangement Yields	Value	% change
IBS and	12.41%	
IBS and	12.15%	
Discount A	12.30%	
Discount B	12.33%	
General A	12.41%	
General B	12.22%	
Fin. Trade 1	12.07%	

INTEREST RATES

(Continued from page one)

salaries and other income.

Furthermore, within the banking system the normal pattern is for Hapoalim to pay lower rates of interest on "jumbo" deposits. These are short-term deposits, of amounts of several millions shekels at least, and often tens of millions, held by corporations and non-profit making institutions.

Jumbos comprise the great bulk of total unlinked shekel deposits, and any bank that needs extra liquidity can obtain it most easily by raising jumbo interest rates and diverting more of these funds to itself. Normally, Hapoalim's jumbo rates are lower than those of its main rival, Leumi.

The first week of September saw these usual patterns stood on their head, as Hapoalim aggressively bid up jumbo rates in an apparently remorseless grab for extra funds. Leumi was forced to raise its own rates in tandem, but each time it did so, it was outbid by Hapoalim.

In a matter of days, jumbo rates soared from 13-14 percent per annum to as high as 18-20 percent. The jump soon spilled over into all the financial markets.

Treasury bill yields began rising as investors sold these short-term government instruments in order to obtain higher interest rates from bank deposits. Next to go were bank shares, covered by the "arrangement", which are short-term dollar-linked bonds. Their prices fell as the switch to bank deposits broadened. Share prices, which had been in an upswing until Monday, were undermined as the flow of new money to direct share investment and to mutual funds dried up. Yesterday saw the sharpest falls in share prices for several weeks, as some investors hurried to cash in their recent profits and switch out of the market.

Most surprisingly, even longer-term index-linked bonds took it on the chin, with losses yesterday reaching as high as 3 percent in some issues.

While it is the financial markets that respond most quickly to sudden changes in interest rates, the rest of the economy—the "real" economy, as it is called—is also affected by them, if they endure.

For this reason, the day-by-day climb in deposit rates has begun to cause concern that it will lead to a compensatory rise in borrowing rates, which in turn will raise business's costs and possibly spark price rises.

This possibility was dismissed last night by the central bank and commercial banks alike. There is general agreement that the deposit rate rise will not be sufficiently long-lived to force other rates upward.

Hapoalim's sudden thrust for funds, it seems, is nearly quenched, and with it the source of the disturbance. One explanatory factor for Hapoalim's behaviour emerged yesterday, when the bank announced the implementation of a broad-ranging programme of consumer loans.

These include short-term unlinked loans and longer-term index-linked loans for periods up to 17 years. Among the novel features Hapoalim has introduced are "grace periods" of up to three years, in which the borrower pays only interest and not capital, and the devolution of the lending decision to branch manager level.

It is now clear that one of the reasons Hapoalim soaked up funds was to meet the expected demand for loans—although there were apparently other considerations at work.

If, therefore, the demand for funds drops back to more normal levels, interest rates can be expected to retrace all, or most, of the recent rise, and the share and bond markets would then recover from the upheaval that shook them in the last few days.

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Gestures mean people

NOTHING, it seems, is better calculated to make the most outrageous hyperbole flow than the exodus of Jews from the Soviet Union.

This week the happy news reached Israel that a number of aliya activists long refused permission to leave are being granted their exit visas by the Soviet authorities, and that among those already released are such well-known names as Yosef Begun and Vladimir Brailovsky.

The news generated great excitement. One prominent right-wing publicist promptly reacted by announcing the Kremlin's surrender to Zion. At the same time a former Prisoner of Zion described the Soviet move as a worthless gesture.

Rationally considered, it is neither this nor that. Acting in what it conceives to be its own interest, and without much or any regard for human rights, the Soviet government has for several months now been raising its previously decimated Jewish emigration quota, which at the moment stands at 750 per month. No drastic reversal of policy was thereby indicated, and certainly no promise was held out that the Kremlin would any time soon acknowledge the right of Soviet Jews to go where they wished. But a friendly signal was being flashed for Washington to observe.

The treatment of Soviet Jews, particularly their demand to be reunified with their families abroad, is a big thing in America, and the new Soviet leadership is much more acutely conscious than were its predecessors of its dependence on American goodwill. Neither Eduard Shevardnadze when he meets George Shultz next month, nor Mikhail Gorbachev when he sees Ronald Reagan a while later, would presumably like to be told that the Jewish problem makes agreement on disarmament and credits difficult.

Being eager to qualify for participation in the Middle East political process, the Kremlin also has a stake in making good its tacit undertaking to Israel to reciprocate the admission of the Soviet consular group to this country. The freeing of long-time refuseniks, which may only have started this week, could also be meant as directly setting the stage for the scheduled meeting between Mr. Shevardnadze and Shimon Peres in New York.

It is also reasonable to assume that the Soviet authorities would like to get rid of Jewish "troublemakers" who, they may believe, number not many more than the 11,000 or so they have undertaken to let out. In the official Soviet view these people do not represent the "healthy" bulk of the community.

Israel's government, for its part, has not undertaken to relax its pressure on the Kremlin that greater numbers of Soviet Jews are let go. It will insist on the right of all Soviet Jews who wish to be repatriated to the ancestral homeland to do so. Mr. Peres is expected to raise with his Soviet opposite number, when they confer in New York shortly, the demand for Soviet recognition that what is involved is repatriation and not mere reunification of families.

Mr. Peres could also point out to the Soviets that if glasnost requires giving nearly free rein to racist anti-Semitism of the Pamyat school as they are now doing, it should also by the same token warrant freedom of emigration for Soviet Jews.

All this, however, is no reason to belittle the improvement, utterly inadequate as it is, in the Soviet attitude on the emigration and aliya of Soviet Jews.

Questionable bombs

WHEN the news was flashed about last Saturday's bombing raid by the Air Force on Palestinian terrorist headquarters near Sidon, many an eyebrow was raised throughout the country.

The IDF spokesman described the attack, the deadliest on any such target since 1982, as routine, and as indicating no change in policy. The terrorists, the spokesman said, had intended to launch raids on Israel from the sites hit by the Air Force. That might have been a satisfactory enough explanation, even though the Fatah poses a lesser military threat to Israeli civilians in the north today than the militant Shi'ites in southern Lebanon. But that is another matter.

What troubled more than a few Israelis were reports from the scene suggesting that a large number among the 50 dead and 52 wounded were women and children.

The large number of casualties might have partly been accounted for by the unusual timing of the air raid, on Shabbat, which caught the terrorists by surprise. But the large representation of non-combatants among the reported casualties was more likely due to the fact that the planes had come in two waves. The worst bloodshed was evidently caused when civilians rushed to the scene of attack after the first wave had receded, not expecting a second one.

It is, in any case, folly to pretend that the results were not humanly deplorable and politically probably counter-productive. Aluf Moshe Bar-Kochba, who is anything but a soft-hearted leftist, cannot have spoken for himself alone among the military when he told *Al Hanishmar*, even if he did not mean to be quoted on the subject, that such massive bombing raids had the effect of destroying any chance for peace with the Arabs.

Chief of Staff Dan Shomron did not enhance his own reputation as a tough but humane and thoughtful general by the derisive dismissal of the views advanced by the former armoured corps commander, now his military adviser, as the product of sheer ignorance. It is simply not good enough for the country's top soldier to blithely inform the Knesset Foreign Affairs and Defence Committee that "No civilians were killed in the raid, unless by chance one happened to be inside the PLO base at the time."

To crush some terrorists in Lebanon only to drive the mass of Palestinians there into the arms of Abu Nidal can hardly be Israel's aim.

Summertime and kulturkampf

Ultras shatter the status quo

Yosef Goell

SUMMER TIME will end prematurely this Saturday night when the clocks are turned back one hour. It will be night-time again by 6 p.m. - in the middle of September, which is still the height of the Israeli summer.

The fact that we had summer time at all this year and last was the result of a political fight which at one point had recourse to the High Court of Justice. The interior minister was compelled to end his absurd subterfuges and yield to the convenience of the overwhelming majority of the population - both secular and observant.

The ensuing political compromise tailored summer time to begin after the Pessah holiday and to end well before Rosh Hashana. Like all compromises, this one contained elements that were unsatisfactory to both sides. The Orthodox and ultra-Orthodox rabbis who had made an issue of summer time lost their fight. On the other hand, the post-Pessah to pre-Rosh Hashana limit made no sense for the vast majority of the population, who would prefer daylight-savings for eight months rather than five.

In the context of current secular-Orthodox confrontation, the issue of summer time seems to be small potatoes. However, it is an interesting example of how that confrontation develops. The surprising thing is that summer time became an issue, at all.

The religious arguments against it, first advanced by Interior Minister Yosef Burg, and later by his Shas successor, Yitzhak Peretz, were so ludicrous and unconvincing that one had to look for the explanation elsewhere.

THE RABBINATE feared that if daylight, and thus the Sabbath, ended later on Saturday evening, cinemas and other places of entertainment would open before the Sabbath

was out, and the day would be desecrated.

A more important explanation, however, is that the newly self-confident and aggressive ultra-Orthodox minority has an itch to pick a fight, any fight, with the non-observant. But that new Orthodox aggressiveness has led to a counter-reaction among the put-upon seculars. Instead of less Sabbath desecration, what the rabbis got was a wide-open Tel Aviv with more and more entertainment on Friday night and Saturday and the emergence of new pressures to make the Sabbath in Jerusalem more like that in Tel Aviv and the rest of the country.

Some perspicacious leaders of the Orthodox and ultra-Orthodox camps are aware of that action-reaction syndrome, and are concerned by the growing hatred among young secular Israelis for anything that smacks of religion. It is surprising, however, how short-sighted so many of the rabbis and Orthodox political leaders have been in refusing to connect their own initiatives to the backlash, and in contemplating how much worse it can get.

The status quo on religious matters, of sainted memory, worked as long as the politicians on both sides understood that it was an exercise in constructive humbuggery. The formal agreement was that there be no buses on Shabbat; but there was to be no interference with the use of private vehicles. There were about 1,500 private vehicles in the country in the early days of the State, when the status quo compromise was reached. Now there are well over 800,000, many of them purchased at exorbitant prices for the express purpose of getting around on Shabbat.

IF THE ultra-Orthodox in Jerusalem continue their threat to the freedom and safety of vehicular traffic on major thoroughfares on Shabbat, they will be met with strength. But their leaders should not be surprised if highlighting the issue leads to renewed demands for the operation of buses on Shabbat.

The status quo agreement included a provision on kosher food for all in the armed forces. One cannot in truth claim that secular soldiers have suffered inordinately from that arrangement. But they do suffer from having to eat abominably cold food at army bases on Shabbat - an unexpected spin-off of that original commitment. If the Orthodox insist on pressing the issue of kashrut to intolerable extremes, as in the case of the recent legislation against the sale during the holiday week of food not kosher for Pessah, they should not be surprised if resistance to cold Sabbath meals emerges.

The status quo was never really a status quo; it simply could not be, in the most dynamically developing society in the world during the past four decades. It was, rather, an extremely convenient fiction. But the recent insistence by the Orthodox on turning a manageable fiction into a strict reality has in effect killed the status quo.

What we must aim for now is not a new status quo, but a modus vivendi between the secular majority and observant minority. It must be emphasized that the overwhelming majority of secular and observant Israeli Jews have personal versions of such a modus vivendi; they go out of their way to be considerate to each other and tolerant of different ways of life.

THERE WERE times in the past when Israelis on the extreme left went out of their way to express antagonism toward anything reli-

Dry Bones



gious, and when observant Israelis were made to feel uncomfortable. That period is long gone. Today, religious observance remains irrelevant to the great majority of Israelis. It is so irrelevant as to be unworthy of energy-consuming hostility. The growing aggressiveness on the part of extreme elements in the religious camp, however, could well result in a new emergence of such anti-religious hostility.

That aggressive self-confidence was triggered by Menachem Begin's total sell-out to the anti-Zionist Agudat Yisrael, beginning with 1977, and encouraged by Shimon Peres's determination to outdo Begin with concessions to the Aguda and, even more, to Shas.

The aggressiveness of the ultra-Orthodox has, however, aroused increasing numbers of secular Jews from their prolonged somnolence. It is a desirable and long-overdue awakening to the need to stand up for their own rights and way of life. Unavoidably, part of the confrontation between the camps will be fought out in the streets and halls of

Jerusalem. Most of it should be fought out in the central committees of Labour and the Likud, in preparation for the next elections.

It would be preferable if, before matters got out of hand, responsible leaders of both camps got together to work out the draft of a modus vivendi, with the immediate aim of lowering the salience and intensity of the confrontation. Despite the changes in Israeli society over the past 40 years, Israel is still a predominantly secular society with significant religious minorities - and that plural form of "minorities" deserves to be emphasized. Any modus vivendi must take this fact into account.

Those who are unwilling to acknowledge that Israel is a secular society should be put in their place, for the sake of public peace. The rest of us should hope that our leaders can achieve the impressive record of secular-observant co-existence that most of us have maintained all these years.

Yosef Goell is a member of The Jerusalem Post editorial staff.

READERS' LETTERS

To the Editor of The Jerusalem Post

Sir, - In "Tora and the modern world" (August 24), Bar-Ilan Professor Shubert Spero effectively refutes Brown University Professor Jacob Neusner's central theme ("The haredim want to make us all into Amish" - July 30) that the haredim portray Tora and Judaism "more authentically than anyone else."

Spero demonstrates that Neusner's "worst distortion" is his assertion that on "politics, economics and science, authentic classical Judaism either has nothing at all to say or simply says the wrong things." However, Spero's multiple references to modern Orthodoxy and to the "room we have made" at Bar-Ilan and Yeshiva universities for "democracy, science and economics within Judaism" must be taken to mean that, although Tora-linked, it is a recently discovered feasible connection. Perhaps he is unintentionally claiming uniqueness for modern Orthodoxy.

Although new in features such as the scope of its educational institutions, perhaps modern Orthodoxy's basic approach and style are today's configuration of classical Judaism.

As an economist, I am now convinced that classical, authoritative Judaism says a great deal about economics that is valuable. This was instilled by Dr. Meir Tamari's course, "Halacha and economics" given this summer at the Jerusalem College for Adults which I attended and which I joined ready to challenge. Tamari, chief economist of the Bank of Israel, answered all questions in modern economic terms amplified for non-economists. He did not engage in synthetic elabora-

ECONOMICS AND TORAH

tion to make his material fit modern economics as he discussed competition, profits, wages, taxation and environmental issues from the early Talmudic period through the Middle Ages.

Because of the nature of the historic growth of formal economics, its developers were unaware of Judaic materials. Of course, the terminology and formal, powerful systems of modern economics were not used in Judaic sources. Consequently, it takes a deep understanding of both economics and Judaic sources to recognize and organize the economics content of Judaic materials. Evidently Neusner lacks the analytical background needed to discern Judaism's ready accommodation to modern economics and to its further development. This accommodation is fully developed in Tamari's *With all your possessions, Jewish ethics and economic life* (The Free Press), published early in 1987.

Neusner wrongly asserts that those who act according to Tora precepts must live only partial lives and must not concern themselves with economics. In most of the pertinent period, Jewish communities were internally autonomous. They required real-world social-economic decisions, many of which were made by non-rabbinic bodies operating within religious guidelines.

Neusner faults Modern Orthodoxy for being "silent when the work of the world has to be done." As a practicing professional economist, I consider organizational "silence" as a plus rather than a minus. Modern official Christian and Islamic efforts along those lines demonstrate the

wisdom of avoiding the practice.

Finally, if the haredim, whom Neusner won't join, correctly interpret Judaism and Tora, why does he devote himself to Judaic studies as a professor and as a Conservative rabbi strives for an acceptable halachic path? It would be far more reasonable for him to abandon the "Judaism of the oral and written Tora" which "offer no meaningful option in the world today."

Dr. JOSEPH LERNER

Jerusalem.

WALDHEIM

To the Editor of The Jerusalem Post Sir, - "The Train," a movie produced in 1964 about World War II and shown on Israel TV on September 4, proved to be quite interesting.

The movie was about a fanatical Nazi officer determined to transfer a fortune in looted European art treasures to Germany. The name of this officer? Colonel Waldheim! Strange coincidence.

S. BERKOWICZ

Jerusalem.

HALACHA AND SECULAR LAW

To the Editor of The Jerusalem Post Sir, - In his letter of August 26, Rabbi Macy Gordon offers an example in which the Jews in the U.S. are not allowed by secular law to implement the Halacha, namely in the case of a marriage of uncle and niece.

I would like to give better examples of cases where both the U.S. and Israel have the same approach in order to clarify what is involved.

Halachic authorities are unanimous in maintaining that a Jew who finds lost property must return it only to a Jew. To return it to a non-Jew is a halachic offence. Nevertheless, all civilized states compel Orthodox Jews on pain of punishment to disregard this law.

We recently had a solemn pronouncement by Rabbi Shach, certainly the leading halachic authority, that a Jew who observes a non-Jew violating one of the seven Noachic prohibitions is entitled to kill him on

his own authority. Both in the U.S. and Israel, it would be considered a murder if a follower of Shach's brand of Orthodoxy were to implement this decision.

Only a year ago, *The Jerusalem Post* attacked Rabbi Shmuel Derslich, the chief military rabbi of Judea and Samaria, according to whose Halacha all Arabs and Germans should be exterminated. One does not have to be a legal expert to guess what the secular laws of the U.S. and Israel have to say about that.

In short, as Humpty Dumpty says in *Alice in Wonderland*, the real question is, who is to be the master - religion, many of whose laws, also in case of Halacha, are infamous, as Voltaire so justly said, or the majority of the people in a democracy (also an anti-halachic institution), whose behaviour is, in most cases, much better, or at least not as bad.

ISRAEL SHACHAK

Jerusalem.

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POSTSCRIPTS

PS A TEAM of South African contestants has captured a 1 million-rand (\$ 500,000) prize for winning a televised quiz show even though they gave the wrong answer to the final question.

John Smeddie, representing a five-family team, needed to answer one last question to beat out 20 competitors and win the grand prize in the Operation Hunger Goldrush charity quiz show.

He and his celebrity partner, Kingswood College headmaster Neil Jardine, were asked to name three of Henry VIII's six wives.

Smeddie answered Ann Boleyn and Catherine of Aragon, both correct. But as the clock ticked down, he turned to Jardine for help.

With only seconds remaining, Jardine added the name Jane Grey, and the judges immediately accepted the answer as correct. However, Jane Grey was the granddaughter of Henry VIII's younger sister.

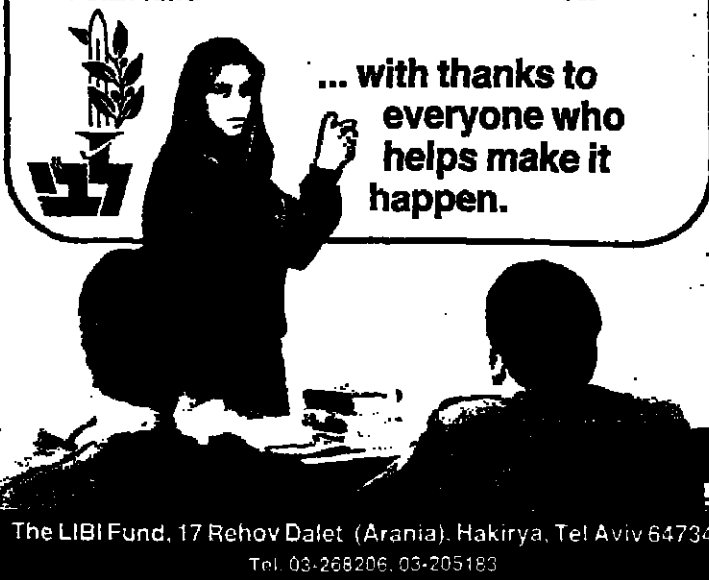
When one of the judges, Jonny Frankel, was informed of the error, he said: "It was obvious that Mr. Jardine had thought of Jane Seymour (one of Henry VIII's wives)."

Another judge, Mervyn King, said: "We decided the answer was close enough because it was a difficult question."

Asked about the ruling, runner-up Anna Curdin said, "It's just one of those things."

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